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# West Europe Report

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19 July 1982

## WEST EUROPE REPORT

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## NATIONALIZED INDUSTRIES TO RECEIVE INVESTMENT FUNDS IN JUNE

## Good Return on Investment Expected

Paris LES ECHOS in French 19 May 82 p 8

[Article by Jacques Jublin: "Emergency Measures to Stimulate Investments -- The Nationalized Industries Will Intervene by the End of June"]

[Text] By the end of June, at the latest, the nationalized industries will release funds in anticipation of their investments in order to stimulate the economy, which needs them. For months the government has been trying to mobilize the "new employers."

But that is not an easy matter when you have just become head of enterprises such as PUK [Pechiney-Ugine-Kuhlmann Company], Thomson, Sacilor, Usinor, CGE [General Electrical Company] or CII-Honeywell Bull; you first have to get to the heart of the cases before making a decision. Because if there is a firm desire to invest, you still have to determine precisely which sectors are useful and profitable.

In spite of Jacques Delors' appeal in early April, a delay occurred because the chairmen and managing directors of the nationalized industries are duty bound first of all to prepare the famous "enterprise agreements" which will bind them financially, industrially, technologically and socially to the state.

This is such a complex matter that the agreements may be ready only by the beginning of summer, at best. Therefore, the Ministry of Industry has decided to give its guarantee and its support to various groups in order for them to anticipate certain deadlines.

And so that they may take out investment options in areas where they feel highly motivated.

CGE, for example, will move ahead on telecommunications and office automation. Saint-Gobin will make an effort in terms of the modernization of its glass production plant and the automation related to it. Thomson and CII-Honeywell Bull will be thinking in terms of advanced electronics.

## Green Light for Certain Capital Increases

In order for everything to go more rapidly, the government is even willing to authorize certain enterprises to proceed shortly with increases in capital so that they may find the necessary funds, supplementing the public credits they will receive.

This is specifically the case with CGE which has very specific projects, notably with the subsidiaries of CIT [expansion unknown]-Alcatel. The bankers will also be called to the rescue as they will have to come up with 6 out of the 9 billion francs of the state's "dowry" to the nationalized industries.

Maximum effectiveness will be sought through a "selection" among the branches with a high multiplier effect. Because it is much more profitable for the French economy to invest with the utmost urgency in electronics, among other things, than in the steel industry, because the repercussions on the subcontractors are much more significant.

In view of the industrial cycles, the idea of the government is to be definitely ready by fall. Funds released in June could mean a flow of orders in the PME [Small and Medium Size Enterprises] and for the suppliers by fall. And perhaps a real revival by January.

This is the strategy which has been maintained at a time when all the indicators show that France has run out of investments and that production is stagnating. By using the nationalized industries as a lever and by choosing the targets well, the experts give us to understand that the 17 billion francs in investments managed by the 5 new national groups could become 30 billion francs at least in the field through the modernizations and the production increases they will bring about in their environment.

The authorities are deeply convinced of this: if the nationalized groups provide a judicious kick-off, everybody will get into the game. And, in accordance with Francois Mitterrand's desire, "the year 1982 will be the year of investment." That is just what France needs because consumption will not be able to serve as the mainspring of the economy forever.

Industry will prove by fall whether it is really taking over.

### Investment Decisions Need To Be 'Accelerated'

Paris LES ECHOS in French 18 May 1982 p 4

[Article by Pierre Bernard-Danay: "Will the Nationalized Industries Be Able To Support the Revival in Time?"]

[Text] With its contradictory measures (reduction of TVA [Value-added Tax] on foodstuffs, increase of TVA on non-foodstuffs), the Finance Bill adopted by the last Council of Ministers reflects the predicament of the government in tackling a more difficult economic situation than it could have anticipated last summer while preparing the 1982 budget. This Finance Bill represents a government bet which cannot be won beforehand: that of supporting the recently nationalized industrial enterprises.

Through the 1981 Finance Bill enacted in June of last year as well as through the 1982 budget, the government produced by the presidential election of 10 May has -- while anticipating the revival (then expected at the latest by the first semester of 1982) of an international environment turned toward austerity, deflation and monetarism -- decided to promote the restarting of growth in France through what the "Interim Plan," drafted (and enacted) in 1981, called "a more active use of the public deficit." The latter, while being contained within certain channels, has stimulated a revival of activity through the stimulation of household demand, that is to say of consumption. But the chosen scenario implied that in 1982 the latter would be replaced by the demand from enterprises.

There are two major components in the demand from enterprises: the increasing of their inventories (it is their drop which provoked the regression of industrial production at the end of 1980 and during the first quarter of 1981) and their productive investments.

#### Investments Decline

The last survey (carried out in March) by the INSEE [National Institute of Statistics and Economic Studies] on investment by industry shows that, following a drop in volume of 9 percent between 1980 and 1981, investments by competitive industries (that is to say by the private sector, by Renault and by the recently nationalized groups) could, in accordance with the current trend, drop another 7 percent between 1981 and 1982.

In a memorandum issued on 29 April, the Ministry of Economy and Finance (that of Mr Jacques Delors) wrote: "The demand by enterprises (growth of inventories and investments) seems to have pulled back in accordance with the extreme caution which henceforth characterized the management of enterprises, faced with still mediocre production results and still uncertain international prospects."

The fact that this trend also exists among our Western partners is not a sufficient consolation. In the economy, as in other areas, if you do not progress, you run the risk of losing ground. The government response is the Finance Bill it has just decided on, the main orientation of which, according to a communique issued by the minister in charge of the budget, is to "support investment in order to improve employment."

#### 9 Billion Francs To Be Used Quickly

As a matter of fact, even if this is not expressly stated, the primary goal, during the first stage, is to accelerate investment decisions by industrial enterprises which have just been nationalized. Because, the Ministry of the Budget specified in the same communique, "the revival of investments by public enterprises should not fail to have a stimulating effect on the purchasing plans of private enterprises," which in turn find themselves in better circumstances, financially and psychologically, through the general reduction of their professional tax by 5 billion francs -- or approximately one-ninth of what the tax proceeds for this year were supposed to be.

Thus, investments by recently nationalized enterprises have been given the responsibility of being the moving force for growth, as of the year 1982, replacing household consumption.

It remains to be seen whether they will be able to carry out that responsibility in an economic cycle (that is to say in 10 or 8 months). It is not unthinkable, but it is not obvious. In any case, in order for this to take place -- and under conditions which are not irrational and which do not generate waste --, the headquarters of the nationalized groups (whose boards of directors are yet to be named) will have to be able to make level-headed decisions very quickly. The Ministry of Industry was the first, not too long ago, to note that an industrial strategy (on which many investments depend) cannot be conceived in short term haste.

The main significance of the 1982 draft Finance Bill and of its related measures, is to let it be known that 9 billion francs in investment credits (of which 3 billion francs will be capital grants from the state) will be put at the disposal of the nationalized industries (basically those which have been nationalized recently) during the next few months. These enterprises are being invited to use this money rapidly "to allow them to restructure their balance sheet and to develop their investment program," stated the communique.

But what if the recently nationalized enterprises are not able to make such structural expenditures within an economic cycle period? Would the government, while waiting for them, not keep an additional remedy on hand to stimulate "the revival of the revival"?

If you stick to the 1982 draft Finance Bill and to the most recent government declarations, then the answer is no!

In view of the proclaimed necessity to contain and reduce the budgetary deficit (not only the one for this year, but even more so the one for 1983), the May 1982 Finance Bill does not hesitate to increase the TVA by 3 billion francs, which will be paid by the consumers, that is to say by households, and will thus reduce their purchasing power by that amount.

In a speech, which he made at the end of April before the Economic and Social Council (during Council debates on inflation in France), Mr Jacques Delors, minister of economy and finance, stated in substance: "What we did to boost the economy in 1981 and 1982, we cannot do once again in 1983. We put coal in the engine of the economy through social transfers. It is unthinkable to go through the same experience again in 1983-1984." Hence, the new budgetary style, which matches that of our Western partners more, appears in the May 1982 Finance Bill, which is very different from the June 1981 Finance Bill. Constraints from abroad (commercial and monetary) weigh heavily indeed on the management of French economic affairs. That is not a revelation. But at times it seems to have been forgotten.

It is to be hoped that the managers of the nationalized companies will be able to be prompt investors. And also, that the upcoming summit of heads of state at Versailles, in June, will turn toward an easing of the foreign constraints, which are deflationary and monetarist. But this too is far from being won in advance!

## Bank of France Director Comments

Paris LE MONDE in French 21 May 1982 p 2

[Article by Serge Blavignac, honorary director of the Bank of France: "The Relay of the Bank of France"]

[Text] Planning benefits from some experience: all the regimes which have succeeded each other in France since the liberation have resorted to it to a greater or lesser degree, so that the bodies are already in place and the procedures known, even if it is advisable to adopt some better to the requirements of a project more ambitious than the ones which preceded it.

On the other hand, the orientation of the production apparatus runs into difficulties which have been insurmountable up to now, as the success of a few punctual operations carried out with the assistance of public funds cannot take the place of an overall policy. Likewise, tax incentives and subsidies granted on several accounts can neither expand nor become decisive in volume without in fact destroying the very market economy which is to be protected. The logic of the plan and the logic of the market are mutually disruptive, thus compromising the chances for success of the new economic and social policy.

True, the nationalized industrial sector should ensure that those orientations determined by the authorities penetrate better into the country's production apparatus. And yet, it is doubtful that the infectiousness one has a right to expect will be sufficient to guarantee in the economic sectors as a whole the development of a coherent investment policy in an economic cycle which necessitates the rational mobilization of all the available resources.

In this respect, the distribution of credit among the enterprises is just as decisive as the control of its overall volume. An anarchic distribution, in which personal relations, the size and strength of the enterprises, the influence of its leaders, and the concern for security pushed to its limits, constitute deciding factors in decision making, is no longer conceivable; and the economic finality of investments must be taken into consideration with growing attention because of their volume.

The nationalization of the banking sector can make progress possible in this direction but is not enough in and of itself to solve all the problems. Indeed, the competitive position which the banking establishments still occupy due to the wishes of the legislature, induces a certain behavior, and the policy conducted in the very large nationalized sector since the liberation is not far removed from that of the private sector.

The creation of specialized establishments or bodies to handle those needs which are considered to have priority, even if sometimes it may appear to be justified on a temporary basis, also results in delaying the implementation of an overall solution, and this for at least two reasons: on the one hand, it incites "traditional" banks to get rid more easily of their responsibilities, considering that the litigious cases do not fall within their scope and are a matter of exceptional procedures; on the other hand, in any body which

tends to define its own rules of operation, a certain incoherence is introduced into the determination of the criteria used for the granting of credits. One might add that the dispersal of decision making centers furthers the exercise of various pressures, specifically of a political nature, the weight of which will not be reduced by decentralization.

### Necessary Intervention

Under these circumstances, the intervention of a body capable simultaneously of correctly interpreting the orientation set by the authorities and of ensuring the links between the authorities and the private sector in the country as a whole is necessary. Considering the considerable delays which would be imposed by the creation and development of a specific establishment, it is out of the question to build from nothing an administration whose success would not for all that be guaranteed. Hence, it is advisable to look, among the existing public and administrative services, for the one which would seem most capable of carrying out the desired function, because of its current skills and the qualification of its personnel and taking into account the prestige it may enjoy among the company managers, whose confidence represents a decisive asset.

This set of conditions is nowhere closer to being met than in the Bank of France, and President Mitterrand made no mistake about it when he wrote, specifically, on 20 April 1981: "[...] the tasks of the Bank (of France) must be forcefully developed. It is specifically a question of orienting credit in a more selective and more rigorous manner, to achieve real economic and social planning. The role of the bank in this major area of credit distribution will be made more effective."

Since 10 May, the change has not greatly affected the institute of issue, where a predilection to monetarist theories and to centralization, which are not very compatible with the new data of the French economy, still seem to prevail as do the men previously appointed to implement them. This situation needs to be opened up, without haste certainly, but especially without delay. The Bank of France, which is impregnated at all its personnel levels with a high opinion of the notion of public service recognized by all its partners, but respectful of the legitimate particular interests, has at its disposal over the whole territory, sources of information and agents who could enable the reorientation of the economy to be better understood, better accepted and better balanced.

It is now a question of refining the legislative framework, to specify the operating rules and to improve the adaptation of human means with a view to making the institute of issue fully capable of playing the essential role to which it can and must lay claim.



Official Thinks Bank Decentralization Helpful

Paris LE NOUVEL ECONOMISTE in French 26 Apr 82 p 63

[Article by Francois Essig, senior member of the Council of State and former official responsible for national and regional development: "The Regions and Their Banks"]

[Text] In the strong wind of decentralization, banking and financial decentralization is a very current concern. Having been going on for several years, it has now been propelled to the rank of a priority objective.

Among the structural defects of our economy, banking and financial centralization has often been classified parallel to administrative centralization. Numerous officials have had the feeling that the "living strength" of the regions has been more or less sterilized by the concentration of a Parisian power. And, in comparison, they readily mention the example of the German regional banks, which have effectively supported the medium size enterprises across the Rhine.

If the real profession of a banker lies in taking industrial risks on the competence and the dynamism of a company manager rather than making the development of enterprises depend on the guarantees offered by their owners, the presence of "decision makers" "in the field" guarantees a better assessment of the industrial fabric which should be vitalized.

Where enterprises in trouble are concerned, the local approach makes it possible to measure better the social impact and the possibilities of conversion which must be taken into account in studying the recovery plans as well as the industrial and financial viability of the projects.

Today, our regional economies have enough vitality to justify high service banks. People always mention the region of Lyon, but the North, Lorraine and Alsace, the West Atlantic region, as well as other regions would make such banking services "profitable," on the condition that the decentralized units not be enclosed in operational zones which are too narrow.

To be successful, this decentralization must respect certain principles. First of all, it should be a real decentralization. Any time this is possible, the creation of subsidiaries of the big national banks is preferable to "regional delegation." As was stressed in the Mayoux report: it is the best means actively to include the regional economic officials.

Decentralization does not mean autarky. It is essential for the regional banks to remain linked to a national and international network to be able to offer enterprises the services they need at this double level: the CIC [expansion unknown] group provides the best example of this kind of organization.

Decentralization does not mean a dilution of responsibilities either. In this respect, one should also guard against a possible confusion of responsibilities, political on the one hand, and financial on the other.

With respect to the banks, the objective is to give them a greater "industrial" mentality. In addition to the development of advice to enterprises, the allotment of part of their resources to buying shares of companies seems to us to be a useful means of strengthening the industrial responsibilities of the banks. Let us not be afraid, in this respect, of the multiplication of participation "funds," in spite of all kinds of obstacles.

As for the regional political authorities, in addition to their major role of defining the economic objectives of the region, they should be able to provide an evaluation of the policy conducted by the financial institutions: their participation in the local CIASI [expansion unknown] or in "supervisory councils" is advisable in this respect.

Endowed with obvious authority (the financing of participation funds, research programs, aid to investment, etcetera), it is preferable for the regions to place their confidence in professionals, who would be able to take into account simultaneously the technical and commercial constraints of any investment project. To delegate and supervise rather than to do it directly, this should be the line of conduct of the regions.

Because a real danger lies in wait for financial decentralization: "clientelism," which can be at the same time a source of conservatism and of inequality. The best antidote is to be found in a "professionalism" guaranteed by a careful separation between political power and economic power. The one cannot ignore the other; but the one should not substitute itself for the other.

#### Delors Comments on Economic Policy

Paris LE MONDE in French 21 May 82 p 22

[Report on interview with Mr Jacques Delors, minister of economy and finance, by Al. V.: "The Government's Economic Policy -- We Have Opted for a Gentle Disinflation, Mr Jacques Delors Told Us"]

[Text] [Question] Does the strong retail price increase in April (1.1 to 1.2 percent) worry the minister of economy and of finance, does it cause him to wonder about the validity of his policy?

[Answer] The government policy is based on a gentle action (Mr Delors told us). We have refused to freeze prices because you don't freeze an economy when you are stimulating it. Hence, we have opted for a gentle disinflation. Similarly -- in contrast to certain foreign countries -- we have rejected a recourse to purging in order not to end up with 2.6 million unemployed by the end of the year. Look at what is happening in the FRG, where unemployment figures are currently rising by nearly 50 percent per year.

Based on this double rejection, progress in matters of price can only be slow (added Mr Delors). We are progressing by tenths of a percentage point. We had planned a 1.1 percent increase for April and a 6.2 percent increase for the first semester as a whole. We are aiming for 5.7 percent during the second semester and a shift of 11.9 to 12 percent from January to December, which would be better than the 15 percent slope we were on when Mr Barre left

Matignon.\* For the end of the year, I continue to aim at an annual rate of 10 percent for the fourth quarter and I am aiming for 8 percent in 1983.

Mr Delors believes that it is possible to meet these objectives. When it was pointed out to him that the decline in inflation is much more rapid abroad than had been expected 6 months ago and that, consequently, the gap with France is constantly growing wider, the minister answered: "For the time being, we must content ourselves with our objectives of deceleration because up to now we have had to respect our commitments in terms of solidarity and of a reduction of working hours. It should also be noted that we have raised the income of farmers through a price to producers which is currently going up at a rate of 14.5 percent per year. All of this has its price."

[Question] Was there a skid in April?

[Answer] Industrial prices are not going up excessively and are staying at an approximate rate of 10 percent per year. As far as distribution goes, there is nothing to complain about: trade transmits the agricultural price hikes to production. There is a bad point for the delicatessen trade whose prices are increasing too rapidly. As for the service sector, there may be a slight problem: it will remain to be seen whether the moderation agreements concluded with the administration, which allow for a 10 to 11 percent rate increase per year, will be respected.

[Question] Didn't the government policy go too far in terms of expenditures for solidarity and the reduction of working hours?

[Answer] I prefer not to respond to that point. But it is true that now we have to go on to the next phase of our policy, which consists of emphasizing effort. There is also a great deal of work to be done to open up the horizon of company managers whose morale was greatly affected in February for psychological and political reasons on which I prefer not to dwell.\*\* Finally, the wind of depression which blew in from the United States and which spread over the FRG and Japan, did not help matters.

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\* This 15 percent figure which Mr Delors had already quoted a few days ago is excessive. When Mr Barre left Matignon the annual rate of price hikes was 13.8 percent calculated over a 3 month period (March, April, May 1981) or 12.8 percent calculated over a 6 month period.

\*\* What psychological and political reasons is Mr Delors referring to? The month of February was fertile in "events." Let us mention the most important ones: the problem of the implementation of the 35 hour work week; discontent expressed by Mr Gattaz, received at the Elysee Palace on 19 February; Mr Maire blames Mr Mitterrand for his position on fuel compensation for the 1 hour reduction in working hours; the death of a worker at Clichy brings the problem of violence in the enterprise back to the fore; confirmation of a significant deficit in the social budgets for 1983; strong criticism by Mr Krasucki of Mr Auroux, minister of labor; the CNPF [National Council of French Employers] takes issue with the right to a fifth week of paid vacation in 1982; malaise of the farmers (Mrs Cresson sharply questioned by the farmers from Calvados); Mr Mauroy stated that the change is not occurring fast enough.

To the question of whether he might be blamed for the bad result in April in matters of prices as a sign of failure of his policy, Mr Delors answered in substance that progress is being made and that he enjoys the confidence of the head of state. "I could easily justify myself and I would have a goodly number of things to explain," he added. "That could take an hour and a half on television."

8463

CSO: 3100/689

## NORWEGIAN, FINNISH ENTERPRISES SHOW INTEREST IN INVESTMENT IN GREECE

Athens BUSINESS &amp; FINANCE in English No 198, 12 Jun 82 p 9

[Text]

Leading politicians and missions have been to various countries in recent months, and on more occasions than not they have returned announcing keen interest in the places they visited for productive investment in Greece. There were such visits to Bonn, New York and other major cities in the U.S., Iraq, Yugoslavia, Algeria, France, etc. Now the Deputy Minister of Trade, J. Papaspirou, has just returned from visits to Norway and Finland, saying the Norwegians and Finns also are interested in investment in Greece and specified the spheres of activity involved:

Norway: A telecommunications center at Thermopyles to provide radio-telephone communication with Greek ships at sea. Greek contractors would undertake the civil engineering side of the work, and Norwegians would supply and mount the machinery and electronic instruments. Norwegians also offer to invest 500,000,000 drs. for the linkage of TV broadcasting stations to the various relay stations. Finally, Norwegians are willing to look at hydroelectric projects on the Acheloos and Nestos Rivers. They already are building such a unit on the Aoos River. Norwegian interests also are willing to take a look at metallurgy in Greece and supply high-quality machinery for basic industries, as well as possibilities for a petro-chemical complex, shipyards and the manufacture of arms.

Finland: A state organization named Otto Kubi is understood to be willing to invest \$500 million in mineral infrastructure. In a more general sense, there is said to be Finnish interest in the founding of joint enterprises with Greek interests in light industry and in participation in the development program of the Greek Public Power Corporation (this presumably duplicated what the Norwegians are proposing). The Finns are understood to have indicated that they could finance projects at interest rates comparable to those of the Euro-money market.

CSO: 4600/610

## COMPANIES WITH MORE THAN 1,000 EMPLOYEES LISTED

Athens BUSINESS &amp; FINANCE in English No 198, 12 Jun 82 p 12

[Text] Thirty-five percent of the Greek labor force, about 134,000 persons, is employed at 200 Greek industries, of whom, according to the Greek Industries Association, the first 31 employ 67,000 persons. The average number employed at the above-mentioned industries is 670 persons. Analytically, only one enterprise employs 7,000 persons, one employs 5,397, three more than 3,000, five more than 2,000 and 21 beyond 1,000 persons. The following table shows the industries which employ more than 1,000 persons:

<u>Name of the industry</u>	<u>Employed</u>	<u>Name of the industry</u>	<u>Employed</u>
Piraiiki-Patraiki Cotton		Karelías Brothers	
Manufacturing Co., Inc.	6,993	Cigarette MFRS Co., Inc.	1,352
Hellenic Shipyards S.A.	5,397	Papastratos Cigarette	
Greek Powder and		MFG Co., S.A.	1,339
Cartridge Co., Inc.	3,510	Bauxites Parnasse	
Financial Mining Ind. &		Mining Co., S.A.	1,329
Shipping Corp.	3,355	Naussa Shipping Mills	
Hellenic Chem. Products &		S.A.	1,274
Fertil. Co., The, Ltd (S.A.)	3,239	Phosphoric Fertilizers	
Aegean Mills S.A.	2,701	Industry Ltd (S.A.)	1,258
Larco S.A.	2,482	Vomvix P. Svolopoulos &	
Athens Paper Mill,		Chr. Coutroubis S.A.	1,245
The, Co., S.A.	2,427	Neorion Shipyards	
Titan Cement Co., S.A.	2,351	Syros Ltd (S.A.)	1,211
Halyvourgiki S.A.	2,256	Vollos Cotton	
Elinda S.A.	1,950	MFG Co., S.A.	1,177
Heracles General		Balkan Export S.A.	1,156
Cement Co., S.A.	1,806	Hellenic Bottling Co. S.A.	1,127
Aluminium de Grece S.A.	1,803	Sarakakis Bros S.A.	1,114
Biokat S.A.	1,625	Elsa Tin Can and	
HBH Panagopoulos S.A.	1,535	Polish MFRS S.A.	1,084
Viamax S.A.	1,519	Athenian Brewery S.A.	1,058
Shelman Swiss-Hellenic Wood		Halkis Cement S.A.	1,052
Products MFRS S.A.	1,365		

CSO: 4600/610

## BRIEFS

**MINISTRY OFFERS INVESTMENT INCENTIVES**--The Ministry of Coordination is staking quite heavily on the likely effects of the new law about incentives for investment by the private sector, now in its last stages of debate in Parliament. The ministry feels that as much as 25 billion drs. to 30 billion drs. could be invested during the second half of the current year, as a result of the incentives now being offered. Should this occur, the government might find itself committed to free grants of up to 8 billion drs. There is little doubt, however, that it would be only too glad to pay out that much money, if it could secure private investment on a scale approaching the figures quoted above. At the same time, the government has its eye on industrial plants already in existence, which are working below capacity, to varying degrees. The I.O.B.E. Institute calculates that the following industries are producing at reduced capacity: Textiles 80 percent, ready-mades and footwear 69 percent, saw-mills and the woodworking industry in general 73 percent, papermills and paper products 78 percent, plastic products 68 percent, non-metallic products 85 percent, chemicals 69 percent and electric machinery and appliances 72 percent. [Text] [Athens BUSINESS & FINANCE in English No 198, 12 Jun 82 p 9]

**MINISTRY RELEASES REVENUE FIGURES**--Ministry of Finance figures have been released for the first two months of 1982. January-February revenue collected was 78,700 million drs., which exceeded that collected in 1981 by 39.0 percent. It covered 12.6 percent of total 1982 estimated receipts for the regular budget. January-February 1982 expenditure amounted to 81,500 million drs., or 10.1 percent above the 1981 equivalent and covered 11.9 percent of total 1982 estimated expenditure. 1) Direct taxation, 18,568 million drs., or 57.9 percent above 1981, and covered 10.2 percent of estimates. 2) Indirect taxation, 54,786 million drs., or 35.1 percent above 1981, covering 13.9 percent of estimates. Expenditure is analyzed as follows: 1) Servicing the National Debt, 4,605 million drs., or 36.0 percent less than in 1981, covering 6.5 percent of the total. 2) All kinds of refunds (import duty, export interest subsidies, etc.) 9.5 percent above the 1981 figure and 34.7 percent of the total. 3) Civil service salaries and welfare contributions, 22,816 million drs., or 182.7 percent above the 1981 figure, covering 12.1 percent of the total estimate. 4) Pensions, 14,357 million drs., or 37.1 percent above the 1981 figure, covering 25.7 percent of estimates. [Text] [Athens BUSINESS & FINANCE in English No 198, 12 Jun 82 p 9]

MERCHANTS CHARGE 'UNEQUAL TREATMENT'--Merchants from all over the country, especially exporters of fresh fruit and vegetables, canned foods, etc., have been complaining through their district chambers of commerce of unequal treatment, at their expense, on the part of banks. They say they can no longer obtain anything more than a dribble of financing, while lavish funds are poured into the laps of agricultural and other cooperatives. The Athens Chamber of Commerce and Industry has consolidated these complaints and approached competent government quarters (mainly the Ministers of Coordination and Agriculture) on the matter. It has pointed out that this practice cannot but affect Greek exports adversely, and in a very short time. It also points out the unfairness of denying financing to exporters who risk their fortunes in their trade, while supplying it to cooperatives--which risk nothing, because if they get into the "red" it is public funds, not theirs, which are at risk. [Text] [Athens BUSINESS & FINANCE in English No 198, 12 Jun 82 p 9]

PURCHASE OF SOVIET TROLLEYS--HLPAP (the Greek transportation organization) is buying 100 new Russian trolleys, of which 78 are equipped with mechanisms for coping with 15-percent grades as well as a system of batteries to ensure uninterrupted service in the event of a power cut or failure. [Text] [Athens BUSINESS & FINANCE in English No 198, 12 Jun 82 p 12]

BRITISH TOURISM DOWN--Last-minute cancellations by a "considerable number" of British tourists has accounted for a recent 40 percent drop in British tourists in Greece due to the war in the Falkland Islands, according to National Tourist Organization of Greece secretary general Stelios Panagopoulos. Though the NTO says tourism was down from January through April, it expects total tourist numbers to equal last year's figures by year-end. French tourists apparently are increasing, however. [Text] [Athens BUSINESS & FINANCE in English No 198, 12 Jun 82 p 12]

STATE REVENUE INCREASES--Greek state budget revenues have shown an increase of 30 percent in the first two months of the year, compared with the corresponding period of 1981. Revenues at the end of February amounted to 78,000 million drs., as compared with 60,700 million drs. for the first two months of 1981--or 10.4 percent of anticipated total revenues for the entire 1982 period. [Text] [Athens BUSINESS & FINANCE in English No 198, 12 Jun 82 p 12]

NATIONALIZATION OF INSURANCE COMPANIES--Thirty insurance companies which are facing serious problems are to be nationalized, or incorporated into insurance bodies already owned by the state, according to an announcement made by government sources last week. The "incorporation" was announced as a means of protecting clients' policies from termination, as well as protecting employees from pending discharges. [Text] [Athens BUSINESS & FINANCE in English No 198, 12 Jun 82 p 12]

INDUSTRIAL PRODUCTION UP--The National Statistical Service has announced that the index for production in mining, industry and electricity-gas during February had increased over the corresponding month last year. The index for mine production rose 18.4 percent, due mainly to corresponding increases



in indexes for lignite, quarry products and construction materials. The index for industrial production was up 1.3 percent, and that of electricity-gas rose 16.9 percent. [Text] [Athens BUSINESS & FINANCE in English No 198, 12 Jun 82 p 12]

TRANSPORT PROTOCOL WITH CSSR--Greece and Czechoslovakia have signed a protocol on road transport which provides for an exchange this year of 10,200 transit permits, including 2,200 non-paid permits, as compared with 9,100 and 1,800, respectively, during 1981. The protocol was signed at the Greek Ministry of Coordination following negotiations of the Mixed Greek-Czechoslovakia Road Transport Committee May 19 and 20. During the signing, Coordination Undersecretary Yiannis Pottakis emphasized the importance the Greek government attaches to development of road transport for promotion of the country's exports. He also described as "substantial" recent achievements of the Greek delegation during negotiations in Rome, and said that Greece obtained from Italy 10,000 transit permits for this year (compared with 7,200 last year), and the possibility of increasing that number to 12,000. [Text] [Athens BUSINESS & FINANCE in English No 198, 12 Jun 82 p 13]

BUS ROUTE TO LONDON--A regular international bus route from Athens to Paris and London will begin operation July 1 with the collaboration of the National Tourist Organization of Greece and the Greek State Railways. To this end, private tourist offices are requested to submit applications of interest in the venture to a new association, which will be supervised by the NTO. [Text] [Athens BUSINESS & FINANCE in English No 198, 12 Jun 82 p 13]

TRADE WITH GERMANY IMPROVES--During January to July 1981, Greece's external trade with West Germany improved by \$68.9 million regarding imports, but exports fell by \$15.2 million, compared with the same period of 1980. Imports, therefore, increased by 8.1 percent, while exports decreased 4 percent. The trade deficit during the same time rose to \$557.8 million, as compared with \$468.7 million during the same period of the previous year. The trade deficit, therefore, grew by 19.1 percent. [Text] [Athens BUSINESS & FINANCE in English No 198, 12 Jun 82 p 14]

BARTER DEAL WITH HUNGARY--Reference has been made in the past to the practical impossibility of conforming to certain undertakings of the EC if the Greek economy is faced with circumstances which offer no alternative. Bilateral barter trade is a case in point. It had been stated that in cases where Greece could not possibly sell some of its goods to other markets but could trade them by barter, it would do so no matter what other agreements had been made. It has just been announced that the EAS Urban Bus state-controlled organization has signed a contract with a Hungarian corporation and will take delivery of 200 more Ikarus diesel buses for the Athens area. Payment will be by bartering Greek leaf tobacco valued at about \$7 million. [Text] [Athens BUSINESS & FINANCE in English No 198, 12 Jun 82 p 14]

GREEK AIRPLANE INDUSTRY GROWING--The Greek Airplane Industry is one of the newest and most modern of industries in Greece, a rapidly developing entity independent from political supervision and isolated from public programming. Professor Dimitrios Papanikas, president of the industry, says the

target of its new administrative council is to "create new perspectives in the Greek airplane industry." He pointed out that the factory has high-technology installations in order to meet needs of the Greek Air Force, but that there are problems. Among them, Papanikas cites low productivity and poor organization in spare-parts management, slow access to assistance from foreign advisors and low-quality personnel. Papanikas therefore proposes to integrate strategic planning for national needs, new efforts to attract new clients, to secure counter-balancing contributions from foreign suppliers, and a sound reorganization of the factory. Responsibility for operation of the factory already has passed to Greek administrative executives, and improvement has been noted, he said. In the generators division, 1982 production increased 140 percent, while personnel increased by up to 110 percent. Airplane production increased 25 percent. Papanikas pointed out that the industry plays a significant role in the economy, both from the aspect of investments (this year they will fluctuate between 800 million drs. and 900 million drs.) and orders from other units. [Text] [Athens BUSINESS & FINANCE in English No 198, 12 Jun 82 p 26]

CONTAINER SHIP DELIVERED--Hellenic Lines SA has announced that Singapore Shipbuilding and Engineering Ltd. of Singapore recently delivered the Hellenic Island, the company's second special container ship. The ship was christened by Froni Prashad, the wife of Pram Prashad, director of Heilgers Ltd., of Calcutta who has been representing Hellenic Lines for 25 years. The first ship of this series is called Hellenic Dawn, and was delivered at the beginning of the year. She is now sailing a regular route between Britain, North Europe and the East Mediterranean. The last ship in the series is to be named Hellenic Cape, and will be delivered at the end of June. Hellenic Island sailed from Singapore May 14, and is joining Hellenic Dawn on her route from London to Piraeus, via Hamburg, Rotterdam, Ambersa, Alexandria, Beirut, Laodikia, Smyrna and Thessaloniki. All three ships are of the same size: 121.6 meters long, 18.2 meters wide, with a draft of 18.2 meters and a deadweight of 7,800 metric tons. Their most economic speed is 14.5 knots, they can carry 432 20-foot containers or 202 40-foot containers, and are equipped with 45-ton cranes. [Text] [Athens BUSINESS & FINANCE in English No 198, 12 Jun 82 pp 26-27]

BID FOR HUNGARIAN BRIDGES--During tenders advertised recently by the Greek Ministry of Transportation for design and construction of overhead bridges, the Uvaterv Road and Railway Designing Enterprise of Budapest, participating with the Ganz-Mavag Co. and a Greek contractor, submitted tenders for six fly-over bridges. The tender won by Uvaterv relates to fly-overs to be built amongst other points at the Kifissos Canal in Athens. The fly-overs have a width of 8.7 meters, and consist of 12 and 11 spans, respectively, each between 26 and 34 meters. At each end of the bridges, elevated approaches are built between sustaining walls. The steel structures of the fly-overs support reinforced concrete roads made of prefabricated units. The steel structures are made by Ganz-Mavag Locomotive and Railway Carriage Manufacturers, Mechanical Engineers, and the same company supervises the assembly. The Greek firm has been entrusted with the foundation job, the mounting and construction of surface objects. [Text] [Athens BUSINESS & FINANCE in English No 198, 12 Jun 82 p 29]

CSO: 4600/610

## INDUSTRY GROUP STUDY PREDICTS WORSENING JOBLESS GROWTH RATE

Stockholm DAGENS NYHETER in Swedish 23 Jun 82 p 8

[Article by Mats Edman]

[Text] Unemployment may increase to 300,000 persons. The purchasing power of ordinary people is being further undermined. The balance of trade deficit is increasing by 1.5 million kronor. The gross national product, GNP, is stagnating. That is how the market appraisal presented on Monday [21 June] by the Federation of Swedish Industries may be summarized.

Unabashed pessimism prevailed when the Federation of Industries presented its view of the economic developments for the next 18-month period. On several points the federation's market report disagrees with the cautiously optimistic forecasts that the Ministry of Economy issued earlier this year.

According to the Federation of Industries, Sweden cannot count on any market upswing before 1983 at the earliest.

#### Big Difference

"Unfortunately, our figures cannot be brought into conformity with the optimism that the market appraisers both within the government and in other quarters have shown," said Lars Nabseth, president of the Federation of Swedish Industries, said on Monday.

"Our appraisal with regard to exports differs most obviously. We are counting on a 2.5 percent increase in volume in 1982 and 6 percent in 1983. The Ministry of Economy has said 6 and 7 percent respectively," Nabseth pointed out.

#### 38,000 Apartments

The most important items in the report of the Federation of Swedish Industries, which was produced by Ola Virin, can be summarized with the following gleanings:

- Unemployment will rise to record-breaking levels. The federation estimates an open unemployment of 3.2 percent or 140,000 persons. To this must be added at least an equal number who are employed by job-market policy efforts. All

in all, the Federation of Swedish Industries estimates about 300,000 persons outside of the regular job market as of 1 January 1983.

- Housing construction continues to decline. This year the Federation of Swedish Industries believes that 38,000 new apartments will be started as against 44,000 in 1981.

- Industrial production will decline by 0.5 percent while investments in industry cave in. According to the appraisal of the Federation of Swedish Industries investments will drop by 15 percent. Large parts of industry are working at less than their normal capacity, and for that reason among others the willingness to invest is very low.

- The deficit in the balance of trade will be reduced by 17 percent, or a good 1.5 billion kronor. [*sic*; note the opposite prediction at the beginning.]

- Wage-earners will experience a lower purchasing power. According to the forecast the real purchasing power will decline by 2.6 percent this year.

8815

CSO: 3109/193

## UNEMPLOYMENT JUMPS TWENTY PERCENT IN TWO WEEKS

Stockholm DAGENS NYHETER in Swedish 17 Jun 82 p 12

[Article by Bo A. Ericsson]

[Text] Open unemployment is now increasing dramatically all over the country. The biggest increase is made up of youths who have completed education or training during the last 10 days or 2 weeks but have not succeeded in getting a job. At the same time there is a sharp reduction in the number of relief jobs. Gradually from now to the end of June most of the spring's over 50,000 relief jobs will come to an end. This is expected to increase unemployment still further.

That unemployment would begin to rise noticeably at this time was expected.

But at the county employment offices DAGENS NYHETER talked with on Wednesday they say that the deterioration is worse than expected. In several places increases in open unemployment by about 20 percent are reported in only 2 weeks.

In Stockholm county the number of jobless at the beginning of June was about 11,000. Now it is up to 12,000 and in only a few weeks it is believed that the number will be over 13,000.

"We expect a gradual increase all summer," says Urban Karlsson of the county employment office in Stockholm. "In August we fear an increase of ca. 2,000 and in September ca. 1,000. This means that early in the fall we may have 16,000 openly unemployed. That is more than we had feared."

In Linköping the county employment director, Sven Olof Andersson, says:

"The increase in the number of unemployed during the last few weeks is nearly 20 percent. That is more than twice as many as during the same period last year, even though we still have more relief jobs left than a year ago.

"In all there are now 5,700 persons openly unemployed in Östergötland county according to our latest weekly statistics. The new jobless include not only youths but also many who had been warned earlier about lay-offs and have now been let go."

In Sörmland county, too, an increase of ca. 20 percent in the number of jobless is reported for the last 2 weeks.

"Ca. 4,500 persons are without jobs in the county today. In the next week we expect a further increase," says Sune Thunholm at the county employment office in Eskilstuna.

County employment director Göte Bernhardsson, in Gävle, says:

"We now have ca. 6,000 unemployed. That is an increase of 1,100 in 14 days. By the end of June ca. 2,500 of our 3,000 relief jobs will come to an end. Many of those who are now in those jobs probably have no other work to go to. In general we believe that by August we shall have a higher unemployment than we had during January, the worst month this past winter."

(At that time the total number openly unemployed for the whole country was 153,000 or 3.6 percent. At the same time there were ca. 140,000 persons in AMS [National Labor Market Board] jobs of various kinds.)

Similar reports are also coming from other parts of the country. Quite generally the increase in unemployment in the last few weeks is described as considerably more extensive than expected.

In Malmöhus county, for example, it had been estimated earlier that the number of unemployed would rise in September to ca. 18,000. Developments in the last few weeks indicate that this figure may have to be revised upward, they say at the county employment office.

As far as relief works are concerned, it is usual that they are reduced to a minimum during the summer months. Not until September-October can new relief jobs be expected to start up.

The greatly increased stream of job-hunters at the agencies is thus made up of young people. In all there are over 100,000 young people that must now join the labor market after completed education and training.

About 43,000 are coming from the occupational branches of the secondary school system, and from the academic branches about 29,000 are expected to want to get a job instead of continuing their studies, and from the elementary school about 18,000 who either did not get a place in the secondary school or want to go to work now.

At the same time ca. 30,000 are being graduated from university-level curricula of various kinds.

All of this means that the competition for vacancies today is very great. At the end of May the employment agencies had only ca. 25,000 vacancies to offer. More than half of these were temporary jobs. Only one out of five of the vacancies required neither education nor experience.

8815

CSO: 3109/193

## USE OF ECONOMIC SANCTIONS IN EAST-WEST FOREIGN POLICY

Paris POLITIQUE INTERNATIONALE in French Spr 82 pp 101-117

[Article by Jean-Francois Deniau, former member of the European Commission, former French ambassador to Madrid, former minister of foreign trade, currently vice president of the Federation of "Outlook and Reality" Clubs, the author, among other publications, of "L'Europe interdite" [Europe Off Limits], Le Seuil, 1976; "Le Marche Commun" [The Common Market], PUF, "Que sais-je?" [What Do I Know?] Collection (13th edition, in preparation); "La mer est ronde" [The Sea Is Round], Gallimard, 1981]

[Text] I

A little over 7 years ago, the NEW YORK HERALD TRIBUNE published--everything is always in the American press--a detailed commentary on a CIA report concerning "Green Power" and the use of U.S. agricultural production in international affairs.

The study was based, first of all, on an analysis of the structural flaws of agriculture in countries with communist systems, well-known structural flaws deriving from the nature of the system itself.

The former Soviet prime minister had explained to me one day how serious it was for the USSR that the new generation was no longer interested in working the individual plot of land, one-half hectare, which has been given to farmers in spite of doctrine. For this discreet deception nevertheless provides 60 percent of vegetable production and quite a substantial percentage of milk, pork, fruit, eggs .... Unfortunately, if the old Russian generation worked their plots lovingly, young people no longer wanted to dig in the earth after their official office hours. Must the methods be changed? Or the doctrine? But increasing the size of the individual plot to 1 hectare, for example, would undoubtedly be too serious and too dramatic a repudiation of this doctrine.

Added to the problems deriving from the socialist system, its administrative sluggishness and the lack of personal motivation of those involved, was a study forecasting the climate for the next 10 years. It was concluded that the cool temperate zone of the northern hemisphere, i.e., particularly the major agricultural regions of the Soviet Union, would experience diverse climate disturbances which would reduce the level of production or, in any case, would not permit its continuous growth.

The world, and the Soviet world in particular, would have an almost permanent need for U.S. grain. The considerable agricultural output of the United States could then become a weapon. That weapon had to be used.

In comparison to the strictly military arsenal, its use had the advantage of being much more flexible and thus more effective. Nuclear weapons are not easy to use daily because they cannot easily be adapted. With the economic weapon, and particularly the food weapon, the sanctions could be increased at will; they could be announced without incurring the wrath of public opinion, which goes along with anything concerning nuclear weapons. A related consequence of this view: It was desirable for the United States, as much as possible, to be in a monopolistic position as a supplier. U.S. attacks on the development of joint European agricultural policy and its export orientation found a new strategic argument, added to traditional trade rivalries.

On paper, such a study could appear very impressive. The needs of the USSR are great. The economic weapon seemed to have all the virtues of a weapon without having any of its drawbacks. But we have since seen several actual uses by the United States of the economic weapon, particularly in the food sector. And the experience, contrary to the initial theoretical views or desires expressed, suggests instead that the economic weapon is only a weapon like any other, with its limitations and its dangers.

From the 5-Percent Effect ...

Without even having to go back to the sanctions decreed against Italy by the League of Nations before World War II--sanctions which hardly bothered Italy, but which permitted Mussolini to pretend to be a victim of democracies and to mobilize national sentiment--it may be noted that the economic weapon can produce exactly the opposite result expected. All experts now believe that the grain boycott decreed by the United States against the Soviet Union after the invasion of Afghanistan caused the USSR to revise its storage, planting and cattle fodder plans, enabling it to increase its productivity by a certain degree, which it would not have done under different circumstances.

In the same sense, the sanctions against the Salisbury government, solemnly approved by the whole world, were practically reversed by the same whole world. In any case, they led to the development of a number of productive operations in Rhodesia (so that during the years of that country's economic blockade, there was a dramatic increase in its GNP [gross national product], from an index of 100 in 1965 to an index of 230 in 1980, the highest in all Africa!)

The second problem which became clear was that of the practical control of a boycott. In the case of Iran, in which the U.S. embargo, after embassy diplomats were taken hostage, involved all sectors, with the exception of foodstuffs and pharmaceuticals, a gigantic smuggling ring was organized from all neighboring countries. Moreover, the question should be raised, one that is too often overlooked in the United States, concerning the effectiveness of such sanctions on a population which does not have Western consumer habits and for whom the blockade is merely a variation in the quantity--but not in the quality--of the usual shortage.



The example of the U.S. grain boycott against the Soviet Union is even more interesting. According to experts, the USSR is short of approximately 30 to 35 million tons each year; to be really effective, the measures adopted by the United States would have had to perpetuate that shortage, at least a large percentage of it. But all the experts now acknowledge that what the Soviet Union lacked represented only about one-tenth of that figure, because the Americans did not stick to their decision or amended it in ways which made it ineffective.

During the period in question, according to an estimate of the European Commission, more than 15 million tons of U.S. grain were sold to the USSR, absolutely officially -- because the United States itself had excluded from the embargo 8 million tons guaranteed by its long-term agreement, plus 6 million tons which were covered by firm sales made prior to the decision of 4 January 1979, plus 1.3 million tons which were considered left over from the previous year's commitments. When you yourself repudiate 50 percent of what you say, it is rather difficult to demand that your partners conform to it 100 percent .... The decision of the U.S. Government (in July 1980) to authorize American firms to sell non-U.S. grain to the USSR was certainly not going to clarify the situation. Substitution operations also played a role: For example, Argentina traditionally supplied certain Latin American countries; U.S. producers replaced the Argentines in those markets, thus freeing, in Argentina, the amounts needed by the Soviet Union.

The European Community had agreed very early and very clearly not to hamper the U.S. policy of sanctions against the Soviet Union and kept its word (the decision of the EEC Council of 15 January 1980). But other suppliers would take up the available space: Argentina, first of all, whose grain exports to the USSR rose during the 1979-80 season by 4 million tons (+39 percent), as well as Australia, with an additional 3.8 million tons (exports increased 20-fold!), and Canada, with approximately 1.5 million tons more (+76 percent), plus other miscellaneous suppliers, with 2 million tons. The result was that in comparison to Soviet import estimates, figured at 35 million tons, the USSR, according to U.S. statistics themselves, was thus able to obtain at least 30 million tons, or between 85 and 90 percent of its initial purchase plan.

The economic weapon, dramatic at the verbal level, was therefore actually very largely blunted. Of course, the Americans are glad to point out that if the USSR obtained almost the amount it wanted, it had to pay a good deal more for it. Suppliers and skilled middlemen made high commissions. The additional cost can be estimated at more than 5 percent. In this world, 5 percent is never a negligible figure, neither in economics nor politics. This was that much foreign exchange which was not available to the USSR for other purchases. Thus this is an effect, but an indirect and rather limited effect, and one which does not change the result from the U.S. standpoint. Was this the impact sought? If not, why wasn't it greater?

Because there was also the effect of encouraging modernization and productivity in the USSR, an effect which I have already mentioned and which is the normal consequence of any use of the economic weapon in international relations.

Because the area chosen--that of grain--was that of a basically interchangeable commodity and because nothing resembles a bushel of wheat more than another bushel of wheat.

Because the United States itself, while calling for international solidarity, did not come across to its partners as credible as a result of giving its embargo a partial or sometimes doubtful character.

Because the partners of the United States--Argentina first of all, followed by Canada and Australia--did not play the game and took advantage of U.S. decisions to replace Washington on the commercial level.

... to the Boomerang Effect

Thus the lesson of this experience is certainly that the economic weapon is not easy to manipulate, neither in terms of its control nor its adaptation. Moreover, like all weapons, it is dangerous for those who use it, more dangerous perhaps because it is double-edged. This is the "boomerang" effect. Between an overall but diffuse political interest (that of the sanction) and an immediate and specific commercial interest (their own), liberal governments hesitate.

"Punishing" the Soviet Union with the economic weapon also meant, quite obviously, punishing Western and American producers. Interfering with the Soviet Union's balance of trade also meant interfering with that of Western nations, which often have the biggest problems in this regard. The psychological and political limitations of the economic weapon in international relations have also definitely been observed, even in the United States. The debate over the embargo went on throughout the period in which it was applied, leading the U.S. Government to adopt modifications which eliminated most of its effectiveness.

Without a clear political aim, a strong alliance and an overall strategic concept, the economic weapon thus has only minor impact, although the area to which it can theoretically be applied is immense.

Without such an overall analysis, an agreement concerning such an analysis and an overall strategy of East-West relations, it is even possible to reach a stage of secondary importance very quickly. Following the declaration of martial law in Poland and the continuation of repression in that country, the economic weapon was discussed at length in Brussels as a response and as a sanction, finally resulting in a plan for a reduction of imports, particularly caviar and furs from the USSR .... There were other subjects for consideration and action. Let's get back to the basic facts.

## II

Eastern countries represent a nonnegligible portion of world trade: 8.8 percent in 1980. In the case of their relations with industrialized OECD member countries, i.e., the major Western democracies, they absorb 4.9 percent of their exports and supply 4.4 percent of their imports. The current trend is toward

a decline in the rate of development of such trade, a rate which was very sustained during the last 10 years. There is also a trend toward a more rapid increase in the exports of European CEMA communist member countries than in their imports, with the situation within the communist bloc undoubtedly being more favorable for the Soviet Union than for the bloc's other members.

#### Trade

In the case of the West, after the very strong increases of 1978 and 1979, the relative stagnation can be attributed to the economic problems affecting both the East and West. Among Western nations as a whole, the preponderance of Europe has grown. The United States accounted for 15 percent of industrialized countries' exports to the East and for 5 percent of their imports in 1979. In 1980, this had dropped to 9 percent and 4 percent. The result is that today European OECD countries together account for approximately 75 percent of exports and 90 percent of imports. Among European countries, the FRG is in the lead by far, both as an exporter and as an importer, as shown by the following two tables:

#### Principal Industrialized Suppliers of Eastern Countries

<u>Rank</u>		<u>1978</u>		<u>1979</u>		<u>1980</u>
1	FRG	24.0	FRG	22.6	FRG	22.4
2	United States	11.4	United States	14.8	France	11.0
3	Japan	10.0	France	10.5	United States	9.1
4	France	9.1	Japan	8.4	Japan	8.5
5	Italy	7.5	Italy	6.9	Finland	6.7

Source: OECD

#### Principal Industrialized Customers of Eastern Countries

<u>Rank</u>		<u>1978</u>		<u>1979</u>		<u>1980</u>
1	FRG	20.8	FRG	22.0	FRG	19.7
2	Italy	10.9	Italy	10.6	Italy	12.4
3	France	9.4	France	9.1	France	12.2
4	United Kingdom	8.6	United Kingdom	8.0	Finland	8.8
5	Finland	6.5	Finland	7.2	United Kingdom	7.0

Source: OECD

If the European Community has increased its volume in comparison to that of the United States, in terms of the balance of trade it had a total deficit of about \$3 billion in 1980 (whereas the United States continues to have a sizable surplus: nearly \$2.5 billion):

Trade Balances of Principal Industrialized Countries with Eastern Countries  
(in billions of dollars)

<u>Year</u>	<u>United States</u>	<u>Japan</u>	<u>EEC</u>	<u>United Kingdom</u>	<u>FRG</u>	<u>Italy</u>	<u>France</u>	<u>Total OECD</u>
1978	+2.2	+1.7	+2.1	-0.3	+2.5	-0.3	+0.6	+7.3
1979	+3.8	+1.2	-0.3	-0.6	+1.3	-0.9	+1.0	+4.7
1980	+2.4	+1.6	-2.9	-0.1	+1.6	-2.8	-0.2	+2.5

Source: OECD

Among Eastern countries, the Soviet Union is by far the West's leading trade partner: 51 percent of imports and 57 percent of exports to Western countries. The second principal trade partner is Poland, but far behind, with 13 percent and 15 percent (trade statistics for the GDR are totally distorted; trade between the FRG and GDR is, as is generally known, classified as German domestic trade).

The leading trade partner, the USSR, has also achieved a surplus in its trade with the West.

Trade Balances of Eastern Countries with OECD  
(in billions of dollars)

<u>Year</u>	<u>USSR</u>	<u>Poland</u>	<u>Romania</u>	<u>Czechoslovakia</u>	<u>Hungary</u>	<u>GDR</u>	<u>Bulgaria</u>	<u>Total CEMA</u>
1978	-2.6	-1.5	-0.8	-0.3	-1.2	-0.2	-0.6	-7.3
1979	-0.6	-1.3	-0.7	-0.2	-0.6	-0.9	-0.4	-4.7
1980	+1.3	-1.2	-0.7	0	-0.7	-0.5	-0.7	-2.5

Source: OECD

In general, it may be expected that the problems of Eastern countries, other than the USSR, will increase and that they will no doubt have to turn to Western countries more and more. The increase in the price of Soviet oil supplies poses payment problems for them at the very time that Poland's troubles are tending to make Western lenders more cautious. With no solution except to increase their exports, these countries will be forced to turn to Western capital. The case of Poland, although the most dramatic example, is not the only one.

For several Eastern countries, the imbalance is a recorded numerical fact and only an increase in indebtedness will actually make it possible to avert more or less open bankruptcy.

On the other hand, the future appears more favorable for the Soviet Union. It is much less dependent on imports than the other Eastern countries, except in a few very specific areas, to which I will return. Itself an exporter of energy products, it has been favored by the increase in prices. Its level of indebtedness, even if sizable in volume, is still (relatively) quite reasonable.

#### Loans

Eastern countries' indebtedness to the West has given rise to many commentaries. It is an undeniable sign of the weakness of Eastern countries, but it is not certain that it is an undeniable factor of strength for the West. Everyone knows that a banker's relations with his debtor are complex relations in which it is sometimes difficult to tell who is the master and who is the slave.

Let us first recall its level: about \$80 billion (not including Yugoslavia); and its nature: mostly private unguaranteed loans (except in the case of France, with guaranteed loans representing about 45 percent of the debt in comparison to 23 percent for all other Western countries). Poland is the largest debtor (about \$25 billion as of late 1980), followed by the Soviet Union (between \$15 and 20 billion).

In general terms, this level of indebtedness cannot be considered critical. It may be noted that the total debt of Eastern countries is only one-third greater than that of Mexico and not even twice that of Brazil. Even if the debt of Eastern countries has risen very rapidly in 10 years, it is still--another point of comparison in the world system--only about 20 percent of that of developing countries.

It may also be noted that the burden of the debt in relation to the GNP continues to be acceptable, in general. It is rather in the future, as I have said, that a more and more serious problem will occur in other people's democracies (still excluding the USSR) because of the cost of energy bills and debt amortization expenses. In a word: We will witness a recurrence of the Polish phenomenon.

Finally, let us remember that this debt is partly a result of loans granted on favorable terms. Such an interest rate differential in favor of Eastern countries cannot therefore be dissociated from a Western choice and governmental responsibility. One of the reasons for this is the desire to promote exports of capital goods, which, even if their volume does not constitute the bulk of our trade, are often its most dynamic sector, along with what this implies as positive effects on the economies and employment of Western countries.

#### Technological Assistance

The area of technological assistance, particularly with respect to capital goods, also deserves some discussion.

First of all, the flow of technology is mainly to the East's benefit. It has been estimated that from 1971 to 1974, high-technology products represented 46 percent of all Eastern European imports from the West. In the other direction, the proportion was only 15 percent. This proportion of 46 percent has likely risen since then and is probably close to 50 percent.

Substantive examples could be given of the West's assistance in equipping communist countries in sectoral terms. "In Hungary, 25 percent of the goods produced in the chemical industry from 1971 to 1975 relied on the use of Western technology or equipment. Individual vehicle production in communist countries, using Western equipment, amounted to 57 percent in the USSR, 82 percent in Poland and nearly 100 percent in Romania."\*

To take a more current example, everything related to energy sources, drilling, conveyance via large-diameter oil pipelines, production control, is very largely dependent on imported Western techniques.

An ongoing debate has been taking place in the West concerning the possible military use of such transfers of technology. It seems that the response is rather negative, except in a few very special cases (the Bryant machining system using very high-precision ball bearings, supplied in 1972 as a result of a U.S. Government permit for \$20 million and which probably helped the Soviets to produce their new generation of intercontinental missiles with multiple warheads. Another example: Trucks built with Western assistance are probably being used by the Red Army in Afghanistan.\* The opposite would also have been very surprising.).

In my opinion, the debate over direct military use is also a false debate. In a planned economy such as that of the Soviet Union, allocations of men and funds depend on priorities established by the government. The technological lag which we observe in certain areas, and which gives rise to imports from the West, is not so much the result of an incompetence of Soviet engineers as of a concentration of men and resources in sectors established as priorities. Thus the West is led, in a way, to fill in the gaps. If the West refused to play this role, the Soviet Union would have to revise all its priorities, including military priorities.

Actually, the main problem is still largely that of our trade rivalries, which have themselves been increased as a result of the requirements of our own Western economies, the balance of trade and employment. In recent years, several cases have caused friction between the United States and its partners: in the iron and steel industry, in the case of computers, over petroleum plant equipment. It was shortly after the Russian invasion of Afghanistan that two German firms negotiated the largest German-Soviet contract for the construction of a gas pipeline in exchange for supplies of Soviet natural gas. (The comparable contract recently concluded by France may and probably will, in my opinion, cause the same misgivings.) But as early as 1980, the United States had authorized an American company to supply the Soviet Union with \$1 billion of equipment to be used to build that pipeline. Thus each side is accusing the other of disregarding the rules while trying to minimize the technological impact of what it is supplying to the Soviet Union, or to have

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\*Ramses, 1981--IFRI

deliveries made through subsidiaries or by foreign partners. The Soviet Union itself causes the different Western countries to compete and takes advantage of their rivalries, without ever--make no mistake about it--allowing them to compete with the Soviet Union itself, regardless of whether it involves supplies for Russia or the satellites.

From these facts about the nature and volume of trade relations between East and West, a number of conclusions can be drawn which affect and limit any possible use of the economic weapon.

The Soviet Union's agricultural needs will continue to be very large in the coming years. But if there must be an embargo in this area, we must be aware that it will be extremely difficult to control and that in any event, it will imply a prior agreement (concerning the terms and procedures) by the five main possible suppliers: the United States, the EEC, Argentina, Canada and Australia.

Even if trade with Eastern countries roughly represents only 5 percent for our Western economies, that 5 percent is very important. It can make the difference between a balance or a crisis. Our present period of difficulty is only increasing our own dependence in this regard. For example, sales of high-technology equipment undoubtedly affect only a limited number of companies, but those companies nevertheless represent a driving force in our economies.

East-West trade is very largely, and increasingly so, a European affair. Developed during a period of "detente," it has become a European economic-political factor in the broad sense, going beyond its commercial aspects.

If it is a very decidedly European affair, it is even more a specifically German affair. I repeat that the statistics do not cover trade between the two Germanies; but even excluding such trade, Germany's share of trade with the other Eastern countries is by far the largest. Moreover, it should be noted that the West Germans cannot dissociate their trade relations with the communist bloc in general from the very special relations which they maintain with the GDR and which have been able to develop as a result of the agreement appended to the Common Market (an agreement which--we should remember--exempts inter-German trade from the regulations of the Treaty of Rome, without any quantitative limitations, time limitations or possibilities of revision!). Let's thus be aware that dealing with the economic weapon means dealing with the German problem as a whole.

From the standpoint of indebtedness, the weakest countries are not the Soviet Union, but its satellites; thus there is the matter of determining whether the Western position in this regard must be differentiated or general and to whom the bill for repayment is to possibly be presented.

On the other hand, from the standpoint of technology, the Soviet Union is also dependent, and sometimes more so than its CEMA partners. Thus priority should be given to conducting a detailed study on the USSR's economy and technology, based on a study of intra-CEMA relations, without overlooking the fact that in a planned economy, one sector's disorganization can lead to a chain of disorganization or delays.

### III

In international economic relations, all partners are vulnerable: the Soviets as a result of their production gaps and Westerners because of the need to export their products. Who is more vulnerable? Who suffers more from the cessation of trade and who profits more from its development?

The Weapons of Peace: What Peace?

But there is another interpretation of this effect of economic relations on international relations.

Developed under the very amiable title of "Armes de la Paix" [Weapons of Peace] by a very well-known international lawyer, this theory had undeniable influence during the 1970's.

In simplified form, the idea was that by developing economic relations with the Soviet world, not only would peace be strengthened by establishing real ties, but the two systems could be brought closer together at the same time; and--it was said--the mutual association would actually work to the advantage of more developed Western civilization. Also according to this view, it is the Soviet Union's isolation, as well as its sociological and technological lag, which facilitate the persistence of hard-line, and even combative communism in that country; consequently, any trade, any transfer of technology is desirable, not only for tradesmen and bankers but also for diplomats and mankind.

It is clear that such a concept, which provided a long-term intellectual and political justification for the development of trade, had pleasing features. It could also be incorporated into an overall view of relations between the Western world and the Soviet world--a view which Professor Kissinger and many American circles did not reject. Such an overall view postulated that the reason why the Soviet Union did not behave as a responsible partner lay in its weakness, and that only when it would have become more or less equal with the United States would it develop the reflexes of responsibility which naturally go along with a feeling of power. President Pompidou denounced this concept at the time, using the expression of "joint management by the superpowers."

It is true that it is hard for the weak and the isolated to feel responsible. But on the other hand, it is not certain that the East-West dialogue would be facilitated merely because the two blocs would have attained more or less equal power. In this case, the emerging idea of power and its use definitely counts more than just mere arithmetic equality. In the 1970's, a great deal of illusion could still be maintained in this regard. The language of Mr Brezhnev, his position in several particular instances gave this view undeniable credibility. If the situation is assessed today, in my opinion it is doubt which prevails: concerning the assertion that a level of power brings with it a level of responsibility, concerning the possibilities of joint management and concerning the contention that the "weapons of peace" really serve peace. At the very least, the real problem remains: what peace?

For several years at the Kremlin, we witnessed the emergence of two kinds of language: one of detente, understanding, cooperation; but also much more



offensive language, which I myself sometimes heard and which corresponded to another view and no doubt to another clique. Mr Marchais was, voluntarily or involuntarily, made its spokesman when--just back from Moscow--he expressed approval of Soviet intervention in Afghanistan and explained the communist concept of detente: the Soviet Union, with history on its side, has the right to advance; the West only has the right to retreat. This was not news to everyone and some people recalled President Kennedy's reply to several journalists with whom he met after his first encounter with Mr Khrushchev in Vienna. When the journalists asked him exactly what was Mr Khrushchev's position, Kennedy answered: "It's very simple. The Soviet position is that everything which belongs to us Americans is negotiable, whereas nothing of what belongs to the Soviets is debatable."

As we see, the "weapons of peace" theory can prove to be rather illusory and we should even wonder whom it benefits. Without it being necessary to refer to Lenin's famous quotation concerning the capitalists, who will sell the communists the rope with which the latter will hang them, we note that the Soviets have always taken great care--as I pointed out earlier--not to allow the West to compete with the USSR. In reality, the Kremlin is willing to ask the West only for what it cannot immediately produce itself with its own resources. Moreover, the idea of increased contacts and a sort of contagion of democracy and freedom can work only in countries with relatively comparable structures: the role of information, the importance of public opinion, the level of consumption. In the Soviet Union, this desired contagion is probably ineffective because there are no psychological, sociological or political receptor structures which could make such contacts develop.

The same judgment must not be made concerning the other countries of Eastern Europe. Detente and the development of trade have definitely been a positive influence for these other European countries, not only economically (by helping them to catch up somewhat) but more generally. Being unable to supply everything, the USSR has understood that it had to permit what it could not prevent, as long as, of course, it remains in full control militarily and politically. The most advanced example is that of Hungary. But I am convinced that if there had not been detente for more than 10 years, with the development of economic and human relations, neither would there have been that outburst of freedom which we have witnessed in the case of Poland. Here again, the view which I have just mentioned is borne out: Poland was a country in which there were psychological and sociological receptor structures which permitted a positive effect by the "weapons of peace." This was not the case, quite obviously, in Romania, for example.

In using the economic weapon, a distinction must always be made (from both a negative and a positive standpoint) between the Soviet Union and the countries subordinate to it, particularly European countries. We must also be aware that both the positive impact and the negative impact are debatable, that they are partial in any case. Too vast and too vague, an economic boycott is ineffective; or it leads to an economic blockade and the verge of war. As is normal for a weapon, it is effective only if it is either massive or much more specific.

## Joint Management, Competition, Confrontation

With a concept of seeking a dialogue, itself based on a concept of detente possibly leading to reasonable joint management, the economic weapon can be used to illustrate messages. It means that a situation is deteriorating; it is a warning and, at the same time, a way of opening negotiations.

With another, intermediate concept, which is that of vigilant competition, more closely related to the game of chess than joint management, it can be the instrument of a "price to pay"--i.e., of a calculated sanction to force the partner to assess exactly the cost of his own actions. But at that time, it must be much better coordinated among allies and much more selective in its application. For example, following the events in Poland, without declaring an embargo on all relations, the Western nations could have made use of interest rates where the Soviet Union was concerned. That would have simultaneously been a specific message and a sanction (limited, of course, but real): additional cost and loss of foreign exchange for the USSR.

Thus all graduations exist. Long-term loans and technology, along with agricultural production, are the real weaknesses of the Soviet system. The advantage of technology--from the standpoint of its use as a message and as a sanction--is that the suspension of deliveries of a certain product manufactured by a limited number of companies can block an entire development program. But once again, this implies very specific, prior coordination among all possible suppliers and prior negotiation among allies concerning required compensation.

After the surrender of Italian troops in Ethiopia during the last world war, Count Ciano noted sadly in his journal: "What use is the most modern weapon if it is thrown into a trench?" In reality, the most important thing in using a weapon is to know what it can do and what you wish to do with it. And I believe that the real problem is that the United States has never clearly decided on the basic concept itself, [that of] joint management, competition or confrontation.

We can attempt to warn, we can attempt to interfere by making things more expensive, we can attempt to disorganize and delay, we can finally attempt to weaken. But as the sanction is developed and as its effectiveness grows, the economic weapon is less and less that interim measure which some people wished to believe it was and that it would not have a weapon's drawbacks while still having its advantages. It has its place in an active confrontation. If not a factor of war, it is at least an element of conflict.

It is a weapon. Consequently, its use, like that of all weapons, can be dangerous, even for whoever uses it. It can be ineffective if the target is poorly chosen and its range poorly determined. Above all, it cannot be dissociated from a strategic concept of international relations as a whole, i.e., of political relations between the United States and the USSR and the role of Europe in particular. It cannot be dissociated from either a concept of war or of peace.

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## LOCAL PRESS REVIEWS CURRENT ISSUES

Nicosia CYPRUS MAIL in English 20, 22, 23, 24, 25 Jun 82 p 3

[20 Jun 82 p 3] EEC Membership Discussed

[Text] The Cyprus policy towards the European Economic Community and an ultimate Customs Union has become a main issue between the pro-government and opposition forces and their respective publications.

ELEFTHEROITYPIA, the paper of the Democratic Party (Kyprianou's) uses the headline "Clerides Distorts Facts on the EEC Issue" over its report which gives the Foreign Ministry statement that the Cyprus government did all it could to secure the best terms for Cyprus products and that delays are not due to any political considerations concerning the Democratic Party collaboration with Akel as the Rally had claimed during the House debate on the matter.

SIMERINI and ALITHIA, both supporting the Rally Party, capitalise on the divergence between the two collaborating parties. Akel and the Democratic Party, and say even the absence of any specific reference to the EEC in the "minimum programme" cannot alter the fact that the collaboration agreement influences government policy since Akel is the major partner and has a stronger voice.

SIMERINI points out that the economic chapter of the minimum programme speaks about "all round trade and economic relations with all countries" and wonders if, given the Akel opposition to Cyprus links with the EEC, it would demand a Customs Union with COMECON to keep the balance.

NEA, the socialist Edek party paper, though opposing the EEC association and Customs Union, finds that the government, even though pursuing a wrong policy, as it says, mishandled the affair about the terms.

Meanwhile the controversy continues about the intercommunal talks, whether they should be continued at all costs as Akel is said to demand or whether they should be made conditional on the withdrawal of Turkish troops as Athens is said to advocate. AGON's commentator "Paratiritis" dismisses the view that continuation of the talks prevents unilateral declaration of independence. The Turks, he says, do not proceed to UDI not because of the continuing talks but because they do not consider the time ripe and when they decide to do it

they will go ahead. Thus, the talks are a sort of "Trojan horse" and a bridge used by the Turks to prepare unmolested the ground for their final targets.

Reports both in AGON and ALITHIA suggest that there can be no hope of a thaw in relations between President Kyprianou and Greek Premier Papandreou as long as Kyprianou does not denounce the "minimum" program.

But ELEFTHERTYPIA, the Democratic Party paper, announces that President Kyprianou will have a new meeting with Mr Papandreou in Athens on June 30 on his way back to the island and describes the talks as important, coming after Kyprianou's two meetings in New York with the UN Secretary General, one before Mr Perez de Cuellar saw Denktash and one after.

The paper recalls that Mr Kyprianou has said that certain points were raised about which decisions will be taken in Nicosia after consultations with Athens and that response will be conveyed to the UN Secretary General in July.

PHILELEFTHEROS devotes its editorial to another subject, relations between Greece and Turkey and warns against exaggerations which may create a "cry wolf" situation.

The paper refers to recent Athens news about the violation of Greek air space by Turkish military planes and says that whereas first reports and protests suggested that things were at flashpoint these were followed by fresh reports that nothing extraordinary happened and that there was no alert.

[22 Jun 82 p 3] "Minimum Program" Argued

While the open conflict between pro-government and opposition continues about the "minimum programme" of the ruling Democratic Party and Akel with both sides vying for the Presidential office, the pros supporting Kyprianou as the candidate and the cons supporting Clerides an editorial in PHILELEFTHEROS yesterday dealt with the "Falklands lesson" and the theory of the "feasible" as opposed to "desirable" targets.

The editorialist recalls that the late President Archbishop Makarios had first made the distinction between "feasible" and "desirable" after the Kophinou clashes (which led to the withdrawal of the Greek troops from Cyprus) and says this principle comes to the fore with the Falkland operations.

The Argentine junta now admits that British had the upper hand in equipment, technology and firm allies but, the writer says, this was not achieved by Britain overnight or in a few months. The Argentine leaders knew the facts but chose to ignore them with the results already known. It would be disastrous to move away from the sphere of our abilities and follow a policy of wishful targets instead of realisable ones, the paper says.

Meantime the controversy between Nicosia and Athens appears to be narrowed into one of continuation of the talks at all costs as the "minimum programme" is said to imply or whether they should be made conditional on withdrawal of Turkish troops as the Athens line is said to be.

ALITHIA's Athens correspondent says that the meeting which President Kyprianou will have with the Greek Prime Minister Mr Papandreou later this month (tentatively June 30) will be crucial.

An editorial in the paper says that the Cypriot President has the last chance with this meeting to answer the Athens call for clarification of his attitude, whether he prefers Akel collaboration for the sake of the Presidency or Greece for the sake of the salvation of Cyprus.

Two speeches during the weekend, one by Rally leader Mr Clerides at Paphos and the other by Akel leader Mr Papaionnou in London are featured in all papers, though the presentation naturally differs according to political orientations.

ELEFTHERTOTYPIA, the ruling Democratic Party paper, in an exclusive report says that today's scheduled meeting in the intercommunal talks series was being put off to give time to UN Special Representative Mr Gobbi to have consultations with the two sides after the separate meetings in New York between UN Secretary General Perez de Cuellar with President Kyprianou and Turkish Cypriot leader Rauf Denktash.

VIMA, the paper of the New Democratic Party (NDP) of former House President Mr Alecos Michaelides, publishes an interview with Mr Michaelides in which he says that the Cyprus government's appeal to the UN General Assembly this time should ask for a timetable for the implementation of UN resolutions on Cyprus.

ANEXARTITOS, the socialist Edek party weekly, maintains that only the Edek leader Dr Lyssarides can provide the needed change and says that Kyprianou has failed and his re-election will be another failure.

The paper attacks both Akel (without naming it) for seeking the re-election of Mr Kyprianou and the Rally for its philosophies. "Neither Kyprianou nor Clerides can bring about the required change," it says.

[23 Jun 82 p 3] Intercommunal Talks Anticipated

[Text] The fate of the intercommunal talks is being determined in the next two months, according to a report in the ruling Democratic Party's paper ELEFTHERTOTYPIA, yesterday.

The paper notes that its earlier report about deferment of yesterday's meeting of the Ledra Palace hotel until tomorrow (Thursday) has now been confirmed and says that September is considered as a decisive month in that it will show whether the talks are making progress or not towards settlement of the internal aspects of the Cyprus problem--constitution and government.

In its editorial the paper refers to the New York meeting of UN Secretary General Perez de Cuellar and says that the success or failure of the talks will to a large extent depend on how he acts now that he knows shy and who is to blame for the non-progress.

The news of a fresh visit by President Kyprianou to Athens on June 30 seems to have taken by surprise those who have been doubting whether the Greek Prime Minister would agree to such a new meeting in view of the President's failure to openly denounce the Akel expressions against Papandreou and his government.

According to ALITHIA, pro-Rally, the Akel leader Mr Papaioannou and President Kyprianou met in London where they both found themselves, the first for addressing a meeting of Cypriots and the latter for a minor tooth operation.

The report says that Mr Kyprianou is trying to persuade Akel to allow a mild denunciation of Akel's statements against the Greek government while Akel maintains adamant opposition to any such move.

Meanwhile SIMERINI, the other pro-Rally paper speaks about what it calls the double deadlocks in Greece and Cyprus with Greece standing between "no peace no war" in its relations with Turkey over the Aegean and Cyprus issues and with Cyprus in a position of conflict with Athens.

This, the paper says, all works in favour of Turkish expansionism and Turkey prepares for the forceful realisation of its targets while the political leaders of Greece and Cyprus engage in a party squabble and prepare their confrontation.

They should instead, the paper says, see without delay how to secure the safety of the Greek national area not with slogans but with deterrent political and military deeds.

A report in PHILELEFTHEROS about the Kyprianou/Papandreou meeting in Athens on June 30 agrees that the differences between Nicosia and Athens remain about tactics and approach to the intercommunal talks and therefore the Athens talks will be of decisive importance.

The report says it is understood that the UN Secretary General in his meetings in New York indicated that continuation of the talks even without progress is preferable to interruption of the talks.

[24 Jun 82 p 3] Kyprianou-Papandreou Talks Planned

[Text] President Kyprianou will be in Athens in a week's time on Wednesday next (June 30) for talks with the Greek Prime Minister Mr Papandreou which all the Greek Cypriot papers agree will be crucial both for the personal relations of the two leaders but also for the fate of the intercommunal talks and the further handlings of the Cyprus problem.

However, though most of the papers stress that there is no sign yet of a "thaw" in the relations of the two men, and AGON's Athens correspondent reports that a personal meeting still hangs in the balance, an editorial in the opposition SIMERINI concludes that the Greek Prime Minister's policies indicate a "de-escalation" of the personal clash.

SIMERINI, in its front page editorial starts with saying: "It seems there is only small possibility of escalation of the Papandreou-Kyprianou conflict. On the contrary the possibility of de-escalation is widening."

The writer mentions that Mr Papandreou is known to be harsh in his decisions and this he has shown with swift action of dismissal of even collaborators but in the case of the dispute with Mr Kyprianou over the collaboration with Akel he has so far avoided to make a statement himself keeping discreet silence and leaving the talking to his government spokesman while he keeps the "windows" open.

There are two possibilities, SIMERINI says: Either Mr Papandreou refuses to tolerate the Popular Front in Cyprus and insists on denunciation or he will see about "de-escalation" and "smooth landing" of the crisis.

The latter course seems more likely with the agreement to meet Kyprianou and discuss national developments. And when there are talks the crisis de-escalates, the writer says. It appears, he adds, that Papandreou, realising Kyprianou's lust for power decided to behave more coolly. But is he acting rightly, he asks, and concludes: "This will be shown in the near future from the next phases of the 'frank misunderstanding' between Athens, the Kremlin and Nicosia" (meaning Papandreou, Akel and Kyprianou).

AGON's Athens correspondent notes that the news about the Kyprianou visit did not speak about a Papandreou-Kyprianou meeting but when asked if the coldness in relations still exists indicated it was up to Nicosia to see about restoration of things.

ELEFTHERTOTYPIA, the ruling Democratic Party (Kyprianou's) paper maintains its original line that the Athens talks will be of decisive importance about the future developments concerning Cyprus and that the two leaders are behaving with high sense of responsibility.

The exchange of views will be a weighing factor in decisions which will be taken and conveyed to the UN Secretary-General about points raised in the New York meetings of the President with the UN Secretary-General, it says.

PHILELEFTHEROS, independent, stresses that the Athens meeting should not be a mere "hoodwinking" and says that the subjects to be discussed are difficult and require frankness, resolution and sound assessment of circumstances.

The writer points out that there is an interdependence between Greco-Turkish relations and the Cyprus problem and advises that the Greek and Cypriot sides should make a realistic assessment of all circumstances through which the Cyprus problem moves and develops.

The CBC strike is main local item in all papers though commitment is avoided except in ELEFTHERTOTYPIA (the ruling Democratic Party paper) which in its report sides with the management view that the Staff Union acted outside labour procedures.



The paper in its report says some quarters believe that motives other than labour may be involved.

ELEFTHERTOTYPIA also deals with the question of dismissals at the Hellenic Mining Group (EME) and says that the management ought to speak and explain the position.

Among the foreign events attracting the attention of the local papers the Lebanese situation takes top precedence.

A leading article in the Akel party paper HARAVGHI maintains the communist line of blaming the Americans for tolerating if not masterminding the Israeli aggression and compares the American attitude there with the American attitude there with the American attitude to the Turkish invasion in 1974.

But SIMERINI while condemning the invasion says that the Soviets cannot be free from blame for failing to take an immediate stand against aggression. If the HARAVGHI view is correct that it was Soviet warnings which caused the Israelis to halt their action outside Beirut when the Soviets did not act earlier, the paper asks.

[25 Jun 82 p 3] Election Campaign Discussed

[Text] The escalation of the presidential election campaign is evident in the chief mouthpieces of the two sides, each one of which tries to recruit the "floating" to itself.

HARAVGHI, the organ of the communist Akel party, the major party all in the pro-government alliance supporting re-election of President Kyprianou, and ALITHIA, expressing views of the Rally party supporting Clerides for President in their respective editorials yesterday each stressed that the "doors are open" for the yet undecided or doubters.

ALITHIA in its editorial says that it would be naive for anybody to believe that the Akel party agreed to support Kyprianou whom it had branded in the past as "impotent" without securing some exchanges and safeguards of post-election compliance of the terms of the deal.

The paper notes that despite what the Akel leader Mr Papaioannou says about differences in the opposition camp, it is only true to say that the differences in the non-Akel forces are not unbridgeable.

They have a common belief about defence of democracy and now they are united in their support of the Papandreou policies on Cyprus. It says and adds: "The Rally has left open its doors for a wider collaboration which is becoming more important after the threat of communist hegemony and single party totalitarianism," the writer says.

HARAVGHI, in its editorial which takes the form of a reply to a statement by the former negotiator in the intercommunal talks, Mr George Ioannides, now an independent Presidential candidate, says it is not correct that Akel brands as unpatriotic all those who have not joined the alliance.



"The Akel party has excluded (from the alliance) only the Rally party, not because it is a rightwing party but because its cadres are formed by coupists and Eoka B. people" it says, and concludes: "There is still time and it is still possible for unit of action by all patriotic democratic forces above petty party and selfish considerations."

The writer claims that the Akel and Democratic Party forces represent not less than 52 percent of the voting potential, which implies that President Kyprianou can be elected in the first count without resulting to a second vote.

ELEFTHEROTYPIA, the ruling Democratic Party paper, criticises the continued campaign by the opposition parties to exploit difficulties between Kyprianou and Athens disregarding the national interests, instead of helping restoration of smooth relations between the Cyprus and Greek governments.

And a statement from the Democratic Party in reply to the Ioannides statement denouncing the Akel-Democratic Party collaboration and "minimum programme" says that there will be no "lost votes."

NEA, the socialist Edek party paper and KYRIKAS the paper of the Union of the Centre, both denounce the attacks of the government on the groups and the parties expressing different views.

KYRIKAS says Akel with its support for Kyprianou cannot escape responsibility for past mistakes and those that are bound to follow. Referring to Akel charges about agents of "imperialist designs" the paper says there is no need for imperialists to look for agents since the two-party alliance does itself the harm.

NEA is critical of the government statements of blanket denunciation of all opponents.

AGON, in an exclusive report, says that in view of widespread outcry about the "supervisory committee" or "directorate" of the two parties to control government activity in the implementation of the "minimum programme" it is planned to drop it and instead have a "follow-up committee." The report says that Akel realising the difficulties has agreed to such proposals from the Democratic Party.

Meanwhile the situation in Lebanon continues to attract attention with universal condemnation of the Israeli action.

PHILELEFTHEROS in one of the strongest condemnations yet says: "One wonders if in the history of Israel there ever was a time when the state of Israel found itself so much in isolation internationally as it is now."

Criticising international indifference and with a clear hint against the American attitude, the paper says: "Yet, international hypocrisy allows them (Israelis) to continue their criminal activity. Because, as things show, while one country criticises the Israeli activities it does at the same time in an unostentatious manner support its military operations and gives its consent to the crime."

The writer concludes by saying that whatever happens, the Palestinian cause will not die and that it will be reborn like the phoenix from its ashes.

CSO: 4600/613

## PROSPECTS FOR NEW DEMOCRATIC SOCIALIST PARTY

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 12 Jun 82 p 10

[Article by Dieter Wenz: "Return to Old SPD?"]

[Text] They are well-meaning, full of "perspectives" which can no longer be realized within the SPD. They are political hotshots and "almost all of them are only theorists." That is today's verdict even among SPD leftwingers when it comes to the "Democratic Socialists," a spinoff surrounding the deputies Hansen and Coppik, who want to do something practical in the near future-- found a party.

It is not yet certain whether it will take place as early as next week in Giessen, during the Federal congress. At the present time not even Coppik would be able to say. When he looks at the mood of his little group in the individual FRG Laender, he feels: probably in late fall. There are various reasons. One of them is the unfinished basic program, which eventually is to be the foundation for everything.

The original success of the "Greens" was essentially based on the limitation to one general political topic, ecology; following the consolidation phase an effort was made to add other fields of politics, not without success, as can be seen today. The example has effected the new dissidents of the Social Democracy, and their ambitions have become much more comprehensive in the following areas: armament, economic, environmental, Third World policies. Did the SPD not start out at one time simply as the party of the labor unions and the "labor movement"?

The "Democratic Socialists" want to solve almost everything and possibly everything at once. It can be inferred from the manifesto of Recklinghausen, where several weeks ago the "Democratic Socialists" arrived at the conclusion that a new Federal party was to be established. "Different" answers are to be found to "relevant" social questions to come up with a conclusive overall concept of a new leftwing policy.

Many things are standing in the way. DIE TAGESZEITUNG, to date the only leftwing paper throughout the FRG that can be taken seriously, is skeptical. What is really going to happen, is the question being asked, and a rather unkind look is cast at the individual items of that list of requests:

reformist or antireformist, on the basis of the representative citizens' democracy, in other words, the classical division of powers, or is it to be a democracy by council? What about pacifism, is another question--absolute freedom from force or certain forms of militancy? Anyway, is the traditional concept of economic socialism to prevail, how much importance is to be accorded to ecological questions in the process?

They are questions to which the "Democratic Socialists" themselves do not yet have the answers. Bahro, the leading West German ecology theoretician from the GDR, suspected already some time ago that there was actually nothing new. The thing with the "Democratic Socialists" was not much more than the attempt "to refurbish the old SPD for the very last time--this time from the outside." Is Bahro totally correct? After all these years, many people abruptly turned their backs on the SPD. The reason was not to give more leeway--through outside pressure on the party. Much more is involved: personal disappointment and bitterness. "I do no longer want to be a leftwing alibi," Coppik wrote in his letter of resignation to SPD Party Chairman Brandt. The old party has been abandoned, something new is to be formed, which will definitely also compete with the SPD.

Judging by appearance, the "Democratic Socialists" have in the meantime demonstrated that they are not so much following the dream of combining the ecological movement with the "labor movement." Rather, they are simply aiming at "entering the labor unions through the backdoor," breaking into the lower ranks of functionaries and the membership of labor unions. In this respect "we must build an alternative to the SPD," Coppik says.

From there attacks are directed against the new candidates for the left territory. The illustrator Staack (SPD) is opening his mouth a little too much, talking about an "historical error" of the party dissidents. Forming a new party benefits "only the reaction." VORWAERTS, the SPD organ, displays a similar attitude.

Strong criticism has also been expressed by the "Greens" and the Alternatives, groups that have already been in existence for some time. Many fear that the newcomers on the extra- and quasi-parliamentary Left--which has been quite lively of late--will cause a split in the "emancipationist potential" of the country. There is no room for another party, in addition to the "Greens" and the Alternatives--incidentally, SPD Ecologist Eppler is of the same opinion. The Berlin attorney Schily (Alternative List) warned during the Recklinghausen congress of "landing on the garbage pile of history with sectarian splinter groups." Another one said that the "Greens" should "first clarify the real foundations of social relationships." Coppik says: "Isolated attempts at saving the environment fail--they must be integrated."

Arguments, jealousies--the "Democratic Socialists" between the millstones. Is there really a reason to bring in heavy guns for the own, old party, the SPD? Right now it is not even certain whether the new party will participate in the upcoming Landtag elections, either independently or as quests of the Alternatives, perhaps in Hesse. For the time being the mood

among the people surrounding Coppik reflects their desire "to consolidate organizationally and, above all, the contents." And Coppik himself is not hiding his concern that until that happens, they might already have been forgotten.

Only a few weeks ago, he and others were still in good spirits when they spoke of the "hope of hundreds of thousands." At the present time the "Democratic Socialists" number 2,000 members. "There should be more," Coppik thinks and he continues: "I never said that there is a guarantee for success."

8991

CSO: 3103/510

## YOUNG SOCIALISTS HOLD CONGRESS, GIVE VIEWS

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 12 Jun 82 p 4

[Article by Dt.: "Piecyc Says, Federal Government Policies Devastating"]

[Text] Lahnstein, 11 Jun--Who is splitting the peace movement--the people who, in addition to the NATO arms buildup, are also pointing to the Soviet threat or those who feel that it is none of their concern? This question was the only one that led to differences in opinion when the central topic was discussed during the Federal congress of the Young Socialists in Lahnstein. Otherwise, the 300 delegates who met at city hall agreed on an unconditional rejection of NATO policies, which was already evident from the fact that the beginning of the congress had been postponed until evening, out of consideration for those who wanted to take part in Thursday's spectacle in Bonn. Piecyc, the departing Young Socialist chairman, was barely able to include in the peace-policy resolution a demand calling also for disarmament in the East. Piecyc's report as well as the much applauded quest lecture by Erhard Eppler, however, showed that the leftwing of the SPD is very much concerned about the condition and the future of the party and that it is trying to blame primarily the "government wing" for the decline of the party.

With respect to the opposition to counterarming, which was demonstrated on the banks of the Rhine, near Bonn, Piecyc added the words that the U.S. President was an uninvited guest. The Young Socialists could not understand why the German Bundestag would let itself "be used" as a "cheering section" for a policy of "complicity with murderers and military dictators in Latin America and for the insane gigantic armament programs of the Reagan government." Piecyc doubted the sincerity of the U.S. disarmament proposals and announced that regardless of the outcome of the negotiations between Washington and Moscow, he would still be opposed to counterarming also in 1983. He did not fail to mention that the Soviet Union also had "pursued and accelerated" the arms buildup.

The Young Socialist chairman devoted most of his report to a discussion of the SPD and the policies of the social-liberal government, which he called "devastating." Social policies on the backs of the poorest people, the employment program, "operation '82'"--all these things are "not social and certainly not social-democratic." The idea was not to bring about an

economic upswing through redistribution at the expense of the worker but to overcome the capitalist structures; to establish a "new socialist economic order."

Piecyk criticized the fact that the party was giving in to the "permanent blackmail by the government wing" and, in addition, was putting up with its disregard—he was alluding to the fact that several leading SPD politicians were withdrawing from some of the Munich party resolutions. To guarantee a dignified departure, which he had missed in January, the chancellor is gradually losing the credibility of the SPD and he is turning the Social Democrats "into compliant handymen, only to satisfy his desire to stay in power." These were the true causes of the most recent election defeats of the SPD.

As far as Piecyk is concerned, there is not only a possibility of a CDU-led government, but an "even more horrible alternative" has appeared: a "Helmut Kohl government, which is no longer facing a relevant social opposition, because in the meantime an ailing SPD/FDP government has squeezed the last drop of blood out of this party." He challenged the delegates to "repair" the SPD, to fight for majorities within the party, to do exemplary work. Piecyk concluded with a few very critical remarks about the work of the leading groups of the Young Socialists—including the federal executive committee—and internal solidarity, an indication that the election of Hartung, his designated successor, might be preceded by an extensive personnel debate.

Against expectations, Eppler, the guest of honor at the congress, said less about counterarming than he did about the condition of the SPD and its perspectives. The Hamburg election result was an occasion for Eppler to remember his words of half a year ago, when he said that "soon" there would "no" longer be a "social-liberal majority in this country without or against the ecology and peace movement." In this situation there are three possibilities: to adopt the demands of the "Green" Alternatives and reduce their party to below 5 percent—a variable which Eppler preferred—to form a coalition with the "Greens" or to become the opposition. In his opinion the latter will be inevitable if the SPD continues to ignore this new movement. It would not even be a disaster, Eppler continued his argumentation, at least there would then be an opportunity to complete the integration quietly, something that the party needs to be able to present itself as a leading political power with a new face.

Referring to the election of the SPD presidium on 24 May—when Eppler lost—he said that he did not want any more condolences. "Not every victory is a gain, not every defeat is a loss." Standing ovations, with which Eppler had been greeted at the beginning, also accompanied him when he returned to his seat after his very impressive speech.

Piecyk's criticism of the SPD and his self-reproaches with respect to the work of the federal executive committee apparently could not head off the criticism of the delegates which had been building for a long time.

During the discussion there were loud complaints about the Young Socialist leaders in the peace movement, whose politics were "splitting" the organization, about the failure to be present at events and about thematic defeats. Even the unanimity with respect to the opposition to Bonn's SPD policies could not diminish the deep internal frictions between the units. The congress will end this Saturday.

8991

CSO: 3103/510



## CDU, FDP MANEUVER CONCERNING POSSIBLE COALITION

Munich SUEDEDEUTSCHE ZEITUNG in German 15 Jun 82 p 3

[Article by Klaus Dreher: "Sitting on High Horse, Playing for Time"]

[Text] Bonn, 14 June—A pitched power struggle has erupted inside the CDU/CSU even prior to its assuming the reins of government on the Rhine. The CSU chairman—ahead of his party by a nose length as so many times before—can almost taste the takeover already and as a consequence is warning his party friends to exercise moderation. "We must not give the impression," he said recently, "that we are sitting on the high horse."

This warning seems all the more appropriate to Strauss in view of the fact that the CDU/CSU estimate of the situation corresponds completely to that of FDP chairman Hans-Dietrich Genscher, who is pressing his party friends to make the switch. It was undeniable, Genscher told members of his party presidium on the night of the Hamburg election defeat, that "people are voting 'black' with their eyes closed throughout the country these days—their motto being: shut your eyes and vote CDU." And while SPD and FDP, the partners in the Bonn coalition, are wracking their brains about how to get out of the predicament they are in, Strauss elatedly says that the CDU/CSU needs to do nothing at all. "We merely have to bide our time," he says.

But appearances are deceiving with only the CSU acting cool and composed because it made the necessary provisions ahead of time. It is certain of being entrusted with more cabinet posts than even under Adenauer, if and when Helmut Kohl takes over the government as chancellor.

## Getting Rid of the Adversary

In the party planning exercises, the CSU has asked for four posts without specifying which. Strauss, who for a time reserved the finance ministry for himself, has suddenly switched signals. He now wants the foreign ministry in case he decides to come to Bonn; but as to his exact plans he has left his party cohort Kohl in the dark all along. In any event, he wants to see his intra-party rival, Minister of Culture Hans Maier, shunted aside and have him take over the federal education ministry.

The CDU did go grudgingly along with the CSU's desire to turn the federal buildings ministry over to its deputy Oscar Schneider but then it balked at the constantly changing plans of CSU Land chairman Friedrich Zimmermann whom Strauss first wanted to become a "comptroller" next to Kohl as head of the

chancellor's office. But that was not good enough for Zimmermann. For a time, he had his eye on the ministry of justice. But then the CSU suddenly realized it could not entrust as important a cabinet post as defense to the CDU—least of all to its defense expert Manfred Woerner. And that is how Zimmermann came to be defense minister in the shadow cabinet.

At this point at the latest, the North German CDU became suspicious. In a cabinet consisting of four CSU and four FDP ministers, the CDU would have been relegated to a minor role. Up to the Hamburg election, the appeals to Strauss by Ernst Albrecht, the minister president of Lower Saxony, met with no success whatever. But as of that election day, the bargaining value of the FDP went down rapidly.

In a closed-door meeting last week, leading CDU and CSU politicians decided not to uphold the offer to the FDP that its present four cabinet members could stay on in case of a change of government. The first victim was Interior Minister Gerhart Baum, long viewed as a "security risk" by the CDU/CSU. Either Zimmermann would take over his job, the CSU said, or it could be offered to Genscher who had held that post once before. If Strauss was given the foreign ministry, then there would be an open slot to be filled by a North German, Protestant politician which meant that Gerhard Stoltenberg, the Minister President of Schleswig-Holstein could become finance minister. But that did not satisfy the CDU/CSU's appetite for power. A change of government, they felt, was the right moment for economics minister Otto Lambsdorff to withdraw from political life. He was so much tainted by the "contributions affair," it was said, that he was just looking for the right opportunity to leave the government.

Since the third of the "four who count" (which was an old FDP election slogan)—namely Minister of Agriculture Josef Ertl—had let it be known earlier that he would quit the cabinet in 1984, the only FDP member of the government left at the end was Genscher. But as for him, Strauss predicted that he would "enter FDP history as the great waverer responsible for the downfall of his party." Even party colleagues of Genscher's have reached similar conclusions. Former Hamburg BDP mayor Dieter Biallas, for example, raised the question of whether the party wished to continue watching "its chairman do dreamlike pirouettes on the coalition rink, admiring his own reflection on the ice." Meantime, Genscher has not only angered those trying to keep the coalition with the SPD going but those who have opted for change.

Lambsdorff is mad at Genscher for abruptly leaving him in the lurch last September after first encouraging him to start moving toward a break and FDP fraction chairman Wolfgang Mischnick is mad about not having been made a party to Genscher's and Lambsdorff's plans at the time. Former economics minister Hans Friderichs, presently chairman of the board of Dresdner Bank, is disappointed with Genscher for having let the right opportunity for the change go by. It is no wonder that all the bankers, financiers and entrepreneurs who belong to the FDP or have close ties to it are in favor of a coalition with the CDU/CSU. They are already saying contemptuously that Genscher is not the type to take a risk but rather one who likes to "play it safe—and believes in re-insurance."

But suddenly the FDP chief, foreign minister and vice chancellor has a supporter that no one counted on—namely Genscher's predecessor in all of these posts: former President Walter Scheel. Since the FDP's honorary chairman was the one who helped engineer the only previous political turnaround in the FRG 12 years ago, he now feels called upon to promote a turnaround in the opposite direction. At the same spot where the FDP presidium met after the Hamburg election—at the foreign ministry guest house on the Venusberg outside Bonn—Scheel had said years ago that a coalition has reached the end of the line when its reserves of commonality have been used up. Scheel is convinced that this stage has now been reached. Since the breakup of the coalition can no longer be prevented and since the two partners will not be able to attain a majority at the 1984 Bundestag elections at the latest, they might as well start thinking about separation before then.

Scheel, who helped build the socialist-liberal coalition, lays most of the blame for its decay at the door of the SPD. The Munich party congress has shown, he told the FDP presidium, that the SPD is "retreating from Godesberg" which is to say that it is repudiating the program that was to turn it into a broad-based popular political party. Scheel said he knew how the break could be effected. Both partners—Chancellor Helmut Schmidt and Hans-Dietrich Genscher—could go before the public as good friends to announce that the era of cooperation was over and it was time to make room for another government. Now this, however, is a scenario which FDP secretary-general Guenter Verheugen calls "an illusion," since it is hardly conceivable that two political parties could put their coalition pact to rest "acting the part of innocent angels."

#### Ignore All Offers

Scheel can work for the break all the more openly, since he knows that his successor will never come out and go public first but rather stay in the background where he feels more at home despite all the public relations activities he engages in otherwise. Genscher has not taken a firm stand on any issue in recent times. The fact that the moment is drawing nearer when the FDP chief "will have to step on the diving board and jump, not knowing whether there is any water in the pool," as one FDP member has put it, quite obviously poses a problem for Genscher. On the other hand, the relentless way in which Genscher has been contradicting those who wish to hold on to the SPD as a coalition partner in the first stage of the move toward the CDU/CSU—at the Hessian Landtag elections—has been a surprise to many. Some years ago, Genscher sacked his secretary-general Martin Bangemann when he called for the very moves in Baden-Wuerttemberg which Genscher and the majority of the members of the presidium are proposing for Hesse. And Hans-Otto Scholl, the FDP fraction chairman in the Rhineland-Palatinate, was dressed down by Genscher last year when he tried to work out a coalition with the CDU along former lines at the Land level.

The actual aim of the constant escalation of demands on the part of the CDU/CSU--strange as it may seem--is to keep the FDP from making a switch all too soon, since Strauss, Albrecht and Stoltenberg all have no interest in Kohl's becoming chancellor. If there were a smooth transition from opposition to ruling party during the course of the legislative session, there would be no way of taking the chancellorship away from Kohl. But if the change of government turned out to be very difficult or if the 1984 election victory were just around the corner, the North German minister presidents would decide on the chancellorship among themselves.

For this reason, Kohl has changed his strategy and is now doing everything he can to force the change. At the meeting of the CDU presidium last Saturday, he told his party colleagues to ignore all FDP offers for a coalition and to try for an absolute majority in Hesse. And since Chancellor Schmidt has already announced that the FDP will be treated as an adversary, if it quits the coalition there, the FDP might just possibly be ground to pieces between the two larger parties.

9478

CSO: 3103/526

## EUROPEAN PACIFISM, U.S. ISOLATIONISM SEEN ENDANGERING FREEDOM

Paris LE MONDE in French 4 Jun 82 p 2

[Commentary by Alfred Coste-Floret, chairman of the French Association for the Atlantic Community]

[Text] The fact that both the former and present presidents of the republic, who oppose each other on so many points, have agreed in saying that there is a danger of war bears witness to the seriousness of the international situation.

The danger is attested to first of all by Soviet expansionism. One need only contemplate the map of the world as it was in the recent past and as it is today to note how quickly the big Soviet red spot has spread: in Europe, Romania, Bulgaria, Hungary, Czechoslovakia, Poland, the GDR, and the Baltic states have passed behind the Iron Curtain. In the Near East there is South Yemen, in Asia we find Vietnam and Cambodia, and in Africa there are Angola, Mozambique, Guinea-Bissau, Cape Verde, and Ethiopia. In Latin America, Cuba and Nicaragua are now of Soviet allegiance. And lastly, in the Middle East, the Soviet breakthrough in Afghanistan poses a direct threat to the sources of the West's petroleum supplies.

The danger of war is also the result of the imbalance of forces. All experts agree on the sizable superiority of the Red Army and the armies of the Warsaw Pact over NATO's forces today, both in the area of conventional weapons and in that of nuclear weapons. And the USSR places an SS-20 missile in Europe every 5 days!

To face up to the danger of war and preserve peace with freedom, the future lies neither in submission to the Soviet threat nor in systematic hostility toward the USSR. That is why NATO decided in December 1979 to undertake a re-armament effort, notably in the area of theater nuclear weapons--Pershing 2's and cruise missiles--to restore the balance of forces and simultaneously to begin negotiations with the USSR concerning arms limitations and reductions.

The pacifists and neutralists were mobilized against that decision at the call of the peace movement--strangely aroused from a long sleep. Significantly, they are protesting not the Soviet rockets already deployed in the field but the American rockets which are still only in the project stage and do not even exist yet!

Those pacifists and neutralists proclaim themselves to be workers for peace. Have they forgotten the lessons of our most recent history? It was a movement of the same kind that led us to "Munich" in September 1938. The French and British heads of government thought at the time that by agreeing to Nazi expansionism, they had guaranteed peace for 50 years. One year later, what our France got was war, followed by the occupation and servitude.

That, according to history, is the fate of uncompromising hardline pacifists. Believing themselves to be workers for peace, they are in fact only workers for servitude.

Working for unilateral disarmament or resigning oneself to the current imbalance of forces means opening wide the door to Soviet expansionism and rapidly bringing on the loss of national independence and the sacrifice of our freedoms.

"Better Red than dead" is what pacifists and neutralists are proclaiming in Europe. We answer that pitiful abdication of responsibilities and that acceptance of the totalitarian state and of servitude with Danton's cry in 1789: "Liberty or death!"

Freedom is what makes life worth living. The pacifists and neutralists are unconsciously working for servitude. By defending the values that underlie our Western civilization, the Atlantic Alliance has been working for peace--and peace with freedom--for over 30 years. Let us be faithful to it.

Such faithfulness involves duties. The effectiveness of the alliance requires solidarity and cooperation between "partners" according to democratic principles.

While the pacifist and neutralist temptation exists in Europe, its counterpart in the United States is the "isolationist" temptation. Let us beware of fostering it. In his address to the American Enterprise Institute in Washington, former Secretary of State Henry Kissinger was very clear. He said: "We have had enough of the big pacifist demonstrations organized in Europe for the purpose of proving that the danger of a world war comes from the United States. For 10 years there has been a refusal to accept the realities of security. Another 10 years of ignoring the real problems, and the Atlantic Alliance will be no more than an empty shell." Let us keep from justifying such an attitude. Let us be careful to maintain, throughout this period of building the European Community, the irreplaceable security guaranteed to us by the Atlantic Alliance.

Let us consider what the consequences would be for our security and our national independence if the means now deployed by the United States at the outposts of Western defense were to disappear. The USSR is well aware of them, and its sole concern is to separate Europe from the United States, since it will then find it easier to subject Europe to servitude. Replacing U.S. defense systems with European systems is not impossible over the very long term. But it presupposes the achievement of a European Community constituting a political force and the need to make considerably greater defense efforts.

Let us not sacrifice the guarantees we have today for the hopes we have for tomorrow.

Through faithfulness to the Atlantic Alliance, let us safeguard our chances for peace and freedom. Across the centuries, this statement by Tacitus is still up to date for us: "We prefer the storms of freedom to the silence of servitude."

11798  
CSO: 3100/746

## STATUTE RESTRICTING MULTIPLE OFFICES PRESENTED BY MAUROY

Paris LE MONDE in French 4 Jun 82 p 10

[Text] Late in the morning on Thursday 3 June, Pierre Mauroy made public a report prepared by Senator Marcel Debarge (Socialist, Seine-Saint-Denis) as member of Parliament assigned to the minister of state for interior and decentralization. The report is concerned with restricting the plurality of functions and elective offices and with drafting a statute on local, departmental, and regional elected officials. It was submitted to the prime minister nearly 5 months ago. Mauroy's move thus rekindles the debate that was suggested by Gaston Defferre back in July 1981 when he included those two projects in his guidelines for decentralization.

In his introduction, Debarge notes two facts: "The scattered and disparate elements taking the place of a statute on local elected officials were already poorly adapted to the requirements of the times..., and with the introduction of decentralization, they have become practically obsolete. Centralization encouraged the holding of an excessive number of positions and elective offices, and this in turn helped to reinforce the system. Such a situation did not fail to produce... harmful effects that were being increasingly resented by broad sectors of public opinion and by a number of elected officials themselves due to the exigencies related to the functioning of a living and modern democracy." The result, he wrote, is "that those two requirements--the statute on elected officials and the restriction of multiple positions and elective offices--fit into both the work of decentralization and the spirit of a 'new citizenship' whose emergence must thoroughly transform the life of the French."

Debarge lists five objectives:

To enable elected officials to adapt to the new responsibilities of the territorial groupings brought into existence by the law on decentralization; to take into account the considerably increased workload now borne by elected officials at all levels of their responsibilities; to enable elected officials to be more available and accessible for listening to the inhabitants (a legitimate need in a democracy); to foster greater possibilities for the exercise of elective functions and responsibilities by new social classes and occupational categories which have been excluded--or almost excluded--from such functions and responsibilities until now; and to foster the assumption of responsibility in public life by young people and women.



## Statute on Local Elected Officials

The report presents "central ideas for reforms aimed at improving and transforming the conditions in which elected officials exercise their duties."

1. Training: "Parallel with the elimination of central administrative supervision as called for in the law on decentralization, the training of elected officials will help to gradually erase supervision of the 'technocratic' type, which has too often been a component of supervision and which would be likely to continue in other forms in the absence of sustained training." Condemning "the possible proliferation of private commercial organizations," the report says: "In our opinion, it is up to the government training sector and nonprofit organizations to organize and provide training for local elected officials. We feel, however, that the idea that the training of local elected officials can be left more or less to the CFPC (Training Center for Local Government Personnel) must on principle be rejected."

He feels that training "cannot be separated from the education of the citizen and (his) vocation for participation in public life," that "the acquisition of experience and apprenticeship through action are decisive in the training of elected officials," and that such training "cannot be limited to purely technical training." On that point, it is made clear that since pluralism must constitute "the basic rule for the implementation" of such training, the associations that represent elected officials and express the various political sensitivities will be favored. Those associations would be empowered to provide training and be free to sign agreements with training organizations and organizations for people's education or with the university.

In order to have access to training, an elected official must be granted 210 hours of training leave. The place where the training will be provided should be as close as possible to the elected official's commune. Lastly, the training should be provided free of charge to those concerned. Its financing would be based on a compulsory contribution by the local governments, supplemented by a grant from the central government. However, communes with fewer than 2,000 inhabitants would not be required to make the contribution.

2. Compensation: The report suggests "limiting the total compensation that an elected official can receive to 1.5 times the salary of a member of Parliament." The report points out that the increased compensation justifies subjecting everything over a certain minimum to the individual income tax. The hope is also expressed that local elected officials can be covered by the general social security system.

In the case of mayors, compensation would be calculated--as it is now--in accordance with the size of the commune and by reference to a civil service grade adjusted upward. In the case of general and regional councilors, compensation would be at a flat rate calculated by reference to a civil service grade.

The office of mayor in a city of over 100,000 inhabitants and that of chairman of a general or regional council would be compensated at a rate equivalent to that of a member of Parliament.

3. Pensions: The report indicates its preference for affiliation with an autonomous national pension fund for local, departmental, and regional elected officials. The fund could be administered by the Deposit and Consignment Office.

4. Hours-Credits: Desiring to go farther than simply relaxing the authorization for absence granted to elected officials, the report considers it necessary to introduce into the law a system of hours-credits such as already exists for personnel representatives and union representatives. That credit (an aggregate minimum of 15 hours for a municipal councilor) would be compensated and chargeable to a national compensation fund that would be paid into by local governments in proportion to their population and tax structure.

5. Returning to prior occupation: Mayors of cities of over 10,000 inhabitants, deputy mayors of cities of over 30,000 inhabitants, and members of the board of general and regional councils will have the option of exercising their duties full time, provided that they completely abandon their usual occupation.

When they exercise that option, their rights would be similar to those of members of Parliament: their work contract would be suspended during their term of office, but it would guarantee their right to return to the same job at the end of their first term of office. At the end of their second term, their former firm would give them priority in rehiring. It is also advisable to provide that wage earners in the private sector who are not reelected to office would receive all or part of their previous official compensation during a transitional period.

#### Multiple Offices and Elective Positions

The report provides that the following multiple offices cannot be prohibited: regional councilor and general councilor; member of Parliament and regional councilor; and member of Parliament and chairman of a general or regional council. For the time being, the report refuses to consider offices in organizations such as urban communities or associations of communes established for multiple purposes. It asserts that incompatibility between the office of representative at the European Assembly and the office of member of Parliament is unconstitutional.

1. Cabinet ministers: The report points out that altering incompatibilities in relation to cabinet members requires amending the constitution either through a referendum or by calling Parliament into joint session. The report emphasizes, however, that incompatibility between the duties of a cabinet minister and any other executive function at the level of the departmental and regional assemblies (except the office of mayor) "is being called for almost unanimously."

2. New cases of incompatibility: A representative at the European Assembly could not combine that office with the office of regional councilor, general councilor, mayor, or deputy mayor of a large city. A member of Parliament would be asked to limit the number of local offices he holds to one or two. Holding two or three local offices simultaneously would be prohibited. The duties of chairman of a regional council would be incompatible with those of chairman of a general council.

The report emphasizes that to implement these reforms concerning the rules of incompatibility, an ordinary law can regulate the plurality of local offices and the combining of those offices with that of representative at the European Assembly, while an organic law is needed in the case of members of Parliament.

3. Timetable: The report analyzes two possibilities for putting the law under consideration into effect: "The first alternative makes specific allowance for the electoral timetable covering the next few years and considers the case of elected officials currently combining the office of mayor, a seat in Parliament, and a seat on a general council that will expire in 1985. If those individuals are reelected mayor in 1983, byelections would have to be held to fill seats that would be up for election scarcely 2 years later. Hence the idea of having the law go into effect in June 1985.

"It can also be considered that the date of the municipal elections (1983) will provide elected officials with an excellent opportunity to conform to the new law restricting multiple offices and elective positions, since the delay, in particular, will enable them to provide for a replacement where necessary. Moreover, clearly affirming that the political will exists and solving the problem of multiple offices is undeniably preferable to anything that might appear to be a delaying tactic. Hence the idea of having the law take effect in January 1983."

In conclusion, Debarge asserts: "Beyond the proposals it contains, some of which are necessarily short-term and transitional measures, this report seeks to improve to some extent the moral tone of public life. By striking a reasonable balance between responsibilities, it seeks to reconcile politics and the French, to foster a fondness for public service and to make it alive."

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CSO: 3100/746

## KRASUCKI ON CGT CONGRESS, STRIKES, CFDT TIES

Paris HUMANITE-DIMANCHE in French 11 Jun 82 p 8

[Interview with Henri Krasucki, CGT secretary, by Roger Faivre; date and place not specified]

[Text] The 41st CGT Congress begins this Sunday in Lille. The country's largest labor union is holding its meeting at a time when the employers are seeking by every means to oppose the aspirations of the workers for thoroughgoing changes in social relationships in the field of labor. This is attested to by the struggles--at Citroen and Talbot and in many other firms--in which the CGT plays a major role. On the eve of the confederation's congress, HUMANITE-DIMANCHE interviewed Henri Krasucki, secretary of the CGT.

HUMANITE-DIMANCHE: When you presented the CGT's proposed orientation to the press last 5 March, you stated your will to achieve "a sort of record in debate and in true union democracy." Well, Henri Krasucki, has that objective been achieved?

Henri Krasucki: Yes. From every point of view. At our 40th congress, everyone agreed in acknowledging the open and broad character of the preparations for that congress. We were mandated by the 40th congress to advance in that direction. The democratic life of the CGT must be constantly improved. As one example of this, preparations for our 41st congress included over 11,000 debates in which some 300,000 union members participated, and those numbers are much higher than the corresponding figures for the 40th congress. Discussion columns in LE PEUPLE and LA VIE OUVRIERE were abundant, varied in subject matter and also diverse from the standpoint of the opinions presented, and free as far as criticisms and proposals were concerned.

HUMANITE-DIMANCHE: No subject was taboo?

Henri Krasucki: No, none. Everyone expressed himself as he wanted to, and in some cases, that included opposition to the confederation's orientation. We wanted a congress that would be genuine in its preparation, genuine in its deliberations, and genuine in its decisions. We are experiencing an era in which the responsibilities of the working class and of all the workers--and thus of

the CGT--are exceptional. Such responsibilities cannot be assumed except by seeing things as they are, discussing them with one another, and engaging in thorough reflection with participation by the great majority. We have done all we could to promote debate, including public debates to which the press was invited on several occasions and through which satisfaction was given to reporters who wanted to attend those debates.

HUMANITE-DIMANCHE: The document submitted for discussion points out that in its relations with the government, the CGT intends to be "a constructive and independent, critical and responsible partner." That must have given rise to many discussions. Am I right?

Henri Krasucki: The CGT defined its attitude when the first Mauroy cabinet was formed. And it confirmed that attitude when the coalition government including Socialist and Communist ministers was set up. We did so on the basis of the mandate given us by the 40th congress to promote a rallying of the people's forces that was to be reflected politically in an alliance of the leftist parties. We have now had a year of experience. We have passed from the definition of an idea to its implementation.

HUMANITE-DIMANCHE: So it is possible to say specifically how that independent, constructive, and critical attitude has been useful to the workers. How has the CGT helped to construct something new?

Henri Krasucki: The CGT's positive assessment of a series of reforms that have been adopted is well known. Those reforms include the nationalizations, decentralization, and union freedoms, but also the significant start that has been made on reversing the trend. Where the emphasis used to be on tearing things down, the thrust is now toward development. I am thinking in particular of transportation, schools, hospitals, the PTT [Posts and Telecommunications Administration], and coal. The beginnings of a will to reconquer the domestic market are akin to our concerns, and our past struggles have played their part in this.

But there are also areas where, from the beginning, we have had to make observations, criticisms, and proposals in which we have disagreed with what the government was contemplating. We have always said that everything could not come from the government or Parliament, or even from national negotiations. The workers must get involved.

This was seen very clearly in connection with the reduced workweek. Experience shows, incidentally, that the CGT's proposals deserved more consideration than they got.

It was seen in the battle for employment, in which action by the workers resulted in more hiring. It is seen in the development of action in favor of freedoms. In many firms, as at Citroen and Talbot, the workers have begun to win respect and have made better use of the rights that already exist. Those struggles are a valuable support to the CGT's proposals for improving the laws on new rights that are now being discussed, and a large number of proposals have in fact been taken into account.

HUMANITE-DIMANCHE: Perhaps that is why others are making austerity the order of the day again.

Henri Krasucki: That is a campaign by the Right and by those who claim to be leftists but who fear more than anything the possibility that the announced reforms will be carried out. They would like to stick to management of the crisis--that is, "leftwing austerity." That would mean victory for the Right and defeat for the Left.

The workers and all those who brought about the victory in the spring of 1981 would be thwarted in their hopes. But I don't believe that austerity will be made the order of the day.

On the contrary, the CGT feels that the order of the day should be to continue on the path of the new policy that has been adopted. This means rebuilding French industry to make it capable of responding to the objective of reconquering the domestic market and insuring France of solid positions internationally. It involves achieving the objective of reducing unemployment, improving the standard of living--with priority going to the least privileged--and advancing on the path that will give the workers the right to speak everywhere and particularly in the firms. That is what will be effective in insuring economic development. In that respect, the statements by the president of the republic are important. Unlike those who want to draw back, his statements confirm the continuation of a new economic and social policy.

HUMANITE-DIMANCHE: Does the CGT regard the struggles by the workers at Citroen and Talbot as exemplary?

Henri Krasucki: Struggles are to be decided on by the workers themselves in each workplace. Those at Citroen and Talbot pose the vast problem of the situation of skilled workers--their working conditions, pay, and the possibilities for promotion for the thousands and thousands of wage earners victimized by the compartmentalization of work.

At the same time, those struggles represent a revolt by the oppressed. Workers (French and immigrants alike) have held their heads high and felt strong enough to say that it is all over with the system worthy of the Mafia that has been established by their managers--with house unions and groups of organized thugs.

HUMANITE-DIMANCHE: In those struggles, the CGT picked up a large number of new members. Do you see that as a refutation of the many things written and said about a lack of interest on the part of workers for union action?

Henri Krasucki: It is true that the CGT played the main role in those actions by being careful to give them as unitary a character as possible in the firms, with due consideration for the union forces actually existing on the local and regional levels. I am thinking in particular of the demonstration for freedoms at Citroen and in all the firms which was held in Paris on the CGT's initiative. That demonstration made it possible to issue a joint appeal with the CFDT and the FEN [National Education Federation] with the support of the PCF, the PS, and the PSU.

Thousands of wage earners at Citroen and Talbot joined the CGT during those struggles, and that is remarkable. I think that generally speaking, this is just the beginning of a response to everything that may have been said about our strength in terms of membership. It is true that the job situation, the plant closings, and the bitterness of the struggles have not been without their consequences. It is also true that for the past year, some people have shown a wait-and-see attitude, while others have felt disappointment.

The experiences that are beginning to accumulate as a result of various struggles are showing everyone that by being active, the wage earners are causing things to progress.

Those circumstances are eminently favorable to the strengthening of the CGT. But they will not have their full effect unless we are also able to see what is due to real failings in our organizations. The 41st congress will enable us to discuss them without smugness and without self-satisfaction--in a critical manner. There again, everything depends on the workers. They need a big CGT, and they need to intervene constantly to have the union organization they require.

HUMANITE-DIMANCHE: One last question: how do you view the possibilities for united action after the CFDT Congress?

Henri Krasucki: Before the holding of our respective congresses, I wrote to Edouard Maire suggesting that a meeting by our two organizations be held immediately afterward.

Unity in action is a necessity. And we are not about to give up on it.

It happens when there are shared objectives. When there are difficulties and obstacles, everything must be done to overcome them.

The CFDT Congress has kept to an orientation that consists of accommodation to a sort of "leftwing austerity." That presents a serious problem to the entire movement--to all the workers. Our congress will also have to reflect on the conditions in which it is necessary to act, with the workers, in order to overcome the difficulties. Also in the case of unity in action, we say to all wage earners: "Everything depends on you."

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CSO: 3100/748

## FITERMAN ON POLITICAL, ECONOMIC PROGRESS, FUTURE PLANS

Paris HUMANITE-DIMANCHE in French 4 Jun 82 pp 2-3

[Interview with Charles Fiterman, minister of state for transportation, by Francois Hilsum and Claude Lecomte; date and place not specified]

[Text] Almost a year. One year later--how can we not conclude this series by recalling the event that occurred on 23 June 1981, when Pierre Mauroy's second government was formed with the inclusion of four Communists. "Event" is the right word, considering that no Communist had participated in the government since 1947. Shortly after his appointment in 1981, Charles Fiterman, minister of state for transportation, granted his first interview to HUMANITE-DIMANCHE. And now, a year later, Francois Hilsum and Claude Lecomte have met with him on your behalf to discuss the main problems in French policy and the issues concerning his own ministry.

Question: HUMANITE-DIMANCHE's survey "One Year Later," which was conducted in Lons-le-Saulnier, Bourges, Limeil-Brevannes, and Chatellerault, revealed various feelings among the workers. For one thing, there is the feeling that government policy has made it possible to achieve positive results. There is also the feeling that serious problems remain. And lastly, there is sometimes obvious impatience. What do you think of those impressions?

Charles Fiterman: I have read those surveys. It seems to me that they are an accurate reflection of what people feel.

The diversity and complexity of the feelings expressed are understandable, because it can be said both that things are moving forward and that many problems remain.

It is obvious, for example, that there have been strides forward in many areas. And I think that to appreciate their extent, one must also imagine what would have happened if the Right had remained in power.

Let us take a simple example that I am very familiar with: the number of employees at the SNCF [French National Railroads]. The Right had decided to eliminate



5,000 jobs at the end of 1981 and 5,000 more at the end of 1982. Instead of that, not only have those 10,000 jobs been saved, but the SNCF has created over 4,000 more.

We could mention a number of examples of that kind. They show specifically that good things have been accomplished and that trends in the former policy have now been reversed.

People realize that. But they also know--because they are confronted with them--that serious problems continue to exist. And it is understandable that those who suffer from those problems in their daily life--I am thinking particularly of young people--should expect the change to continue and even, sometimes, display impatience or disappointment.

It is also probable that some have underestimated what had to be done to carry out these important changes and that they are now passing from yesterday's illusion to today's disappointment.

All those feelings of satisfaction and expectation, which I note in talking to young people, are in any case an invitation to continue the change we have undertaken: to continue it without pause or haste--at the rate and with the means that the French have chosen.

[Question] It is precisely on that subject that a debate is underway today. The Right, the employers, and some others are making a big fuss about the idea that we must change course and return to austerity.

Charles Fiterman: The least one can say is that the Right doesn't lack nerve! For years those people have pursued a policy of austerity--of economic, social, and political regression--that has plunged the country into the difficulties of an aggravated crisis.

And now those people have the effrontery to be indignant about unemployment and the high cost of living that their policy has made an integral part of national economic reality and to propose a remedy that was in fact the cause of the problem! It defies good sense.

By reproducing the causes, one worsens the effects. Going back to austerity, as the Right is proposing, would mean getting ready to register our 3 millionth unemployed person in a few years. That is unthinkable!

Basically, the Right wants only one thing: the failure of the policy now being pursued. That is why it is doing everything possible to divert that policy from its path. No, I definitely do not see that a change in course is in order. On the contrary, we need to continue with the policy chosen by the country. But what is in keeping not only with effectiveness but also with political morality does not eliminate the need for us to keep a close watch on circumstances and to make the slight corrections to our course on that basis--in one direction or another--that will permit us to steer a steady course.

[Question] In short, what we need to do is take realities into account but continue with the policy of change so as to gradually improve people's situations and remedy the evils being suffered by the country. But is that possible? Can France afford it?

Charles Fiterman: I believe so, but I am not oversimplifying the situation.

It is not a matter of denying the constraints imposed by reality: the crisis and the international environment. We cannot do everything, nor can we do just anything, but we can progress. What is more, we must progress.

Let us take the question of purchasing power. Naturally, the country cannot distribute more money than it has. Especially since it must keep some for improving its plant and making purchases abroad. People know that. And they are not asking the impossible.

All the same, distribution could be better. A number of working men and women and old people need to have their purchasing power improved--at least gradually. And that is a good way to keep demand up. Others can wait or accept a few sacrifices. If achievement of an objective such as the reduced workweek is to be spread over a period of time, then we must also make a few resources available. It is possible.

Let us take the example of investment. The firms are not spending enough in that area. The financial charges collected by the banks are too high. Management is not always sufficiently strict and rational. Money evaporates. The government is doing its duty in the public sector, and it has made a sizable effort on behalf of the private sector. The country would not understand it if the private sector did not, in return, make an investment effort. It is possible.

Let us take the question of the external deficit. It is due--not exclusively, but to a large extent--to the growth of imports of certain industrial products from the United States, Japan, and the FRG. There is, I believe, a real industrial mobilization to be accomplished in those sectors and a revival of French production to be carried out. It is possible and necessary.

[Question] Effort and strict measures do not offend you!

Charles Fiterman: Not at all, provided that we know what we are talking about. If it is a matter of the "Giscard-Barre" version, then no, thank you! Effort and strict measures must serve justice and national recovery.

[Question] But aren't some people hoping for a social democratic policy? Jean-Pierre Chevenement himself has just said that socialism is not an objective in the current historical period.

Charles Fiterman: I was a little surprised by that statement.

I think there is a danger in introducing that kind of separation between immediate policy and the end goal of socialism. It has served in the past to

foster two attitudes. The first sought to transform socialism into a remote and formal reference point while simultaneously being content to manage the capitalist system more or less the way the Right does. The other sought democratic advances within the framework of the system by relying on universal suffrage and united action and with the stated conviction that the passage to socialism would require--other means. It is known that the Communists rejected that concept of the march to socialism for France at their most recent congresses.

I feel that French-style socialism, precisely because it is "French style," is a matter of continuity with the action we are engaged in today and of the same process. Even though it is true that in this democratic advance toward a socialism which itself is democratic, it is not a matter of going faster and farther than the French people desire.

The main thing is to make progress in good sense by respecting the country's will as expressed at the time of the election. That is what we have been doing for a year. And it can thus be seen that in terms of the current policy, one cannot talk about a social democratic policy in the sense assigned to that expression in our country.

That being said, there are certain forces dreaming of something else.

[Question] In his interview with HUMANITE-DIMANCHE on 7 May, Prime Minister Pierre Mauroy told us: "The first months were devoted to creating the conditions for change. The coming months will be devoted to making the change a part of daily life."

How do you see things in the transportation sector?

Charles Fiterman: Making the change a part of daily life is in fact an issue of the greatest importance. I am all the more mindful of this in that the transportation sector, for which I am responsible, affects people's lives in many ways.

It affects transportation workers first of all. I mentioned the jobs created at the SNCF, but the same is true in other sectors: the RATP [Independent Parisian Transport System], Air France, the air controllers, and so on. Moreover, various measures concerned with reduced working hours, working conditions, the improvement of low wages, the elimination of penalties, and the extension of rights for the workers and unions have been adopted. Dialogue is tending to establish itself as the normal method of approach for solving problems.

For the users of public transportation, all those measures often lead to improvements in the quality of service. At the SNCF, moreover, the TGV [high-speed trains] have been launched with the best fare system possible. Lines have been reopened, stops have been restored, and service has improved. A new effort has been undertaken on behalf of transportation in Ile-de-France and in the provinces. Fares are rising less rapidly and with better timing. Those are only a few examples.

It is necessary to continue. This coming 1 October, for example, the decision to have employers bear 40 percent of the cost of the orange cards used by wage earners in the Paris area will take effect. While we are not underrating the fact that the 23-franc premium had to be totally abolished to keep our commitment not to further burden the firms, that decision does represent a significant and positive advance toward relieving the burden on many wage earners, improving public transportation, benefiting traffic flow, and fostering better city planning. Measures in the same spirit are in the interest of the provincial cities.

Through its president, the SNCF has just announced interesting measures that will soon take effect: the discount on vacation tickets will be increased to 50 percent, there will be a discount ticket for young people and new benefits for children, a new excursion train will make its appearance, and so on.

Furthermore, an effort is underway to make urban transit, trains, or even the freeway services more accessible to the handicapped.

I will add that greater attention is being paid to road safety: several task forces have been set up to study the safety of large trucks and, on another level, that of motorcycles. Their conclusions should lead to specific decisions within the next few months.

I will stop with that so as not to go on too long. But I could continue!

[Question] At the same time that those decisions are being implemented, you are preparing a draft guideline law on transportation. Why? What are its main outlines?

Charles Fiterman: We must not be content with short-term action. That is true in all areas, but particularly, I would say, in the area of transportation, where the imbalances, shortcomings, and declines that have occurred call for methodical work over the long term. Principles, legislative foundations, and procedures must be defined. That will be the purpose of the guideline law, which will constitute the first definition of an overall policy for developing transportation ever to be undertaken in our country. It was never done in the past.

So let us say a few words about what essential points should be included in that bill.

First of all, the statement of a new principle: the right to transportation. After the right to work, housing, and health, it is time to consider this need, which is new because of the dimensions it has assumed in people's lives in a developed country like ours.

The right to transportation is, if you will, every person's right to have access to a form of public transportation in acceptable conditions of time, distance, price to the user, and cost to the community.

This will mean progressive action--progressive because there is a lot to be done--to make that right effectively available to all: those on low incomes, those with reduced physical mobility, those handicapped by insularity, and the inhabitants of the various regions. What this amounts to is an effort at social progress, national solidarity, and regional development.

Another objective is to improve the economic efficiency of the transportation system. This means that choices and decisions must no longer be based solely on the criterion of short-term financial profitability. Instead, requirements such as safety, regularity, the cost of infrastructure, energy savings, protection of the environment, and the life of the regions must be considered.

We must also talk about improving conditions for activity--working conditions--in road and river transportation: about improving the management of the various branches of activity with the help of all concerned.

Such a project is vast in scope, as can be seen. But we are working for the future.

[Question] As minister of transportation, you are responsible for overseeing the SNCF. One of your first decisions after taking office was to abandon the regrettably well-known Guillaumat Plan, which we have often denounced in this newspaper. So the SNCF has escaped from a very bad situation.

Charles Fiterman: Yes and no. It must be realized that the Guillaumat Plan fit into a logical framework--one of successive abandonments and decline. That policy has caused extensive damage whose effects obviously cannot be erased overnight.

But trains are a transportation system well adapted to the conditions of modern economics, all kinds of needs, and the dimensions of a country like ours. Their revival corresponds to the country's interests. But we must be aware that this involves a real battle that must be won. The reform that is to take place before the end of 1982 constitutes an important stage in that battle.

It is a matter of laying the foundations for a financial reorganization, of getting situated in a policy for attracting new traffic and new customers, and of imparting more dynamic meaning to government assistance by bringing the notion of public service up to date.

It is naturally up to the SNCF itself to proceed resolutely with that prospect in mind, to develop its own dynamism, and to establish new relationships with the regions on a foundation of broader autonomy with respect to the government.

[Question] Transportation is often discussed in terms of competition: rail as opposed to highway, air as opposed to TGV, and so on. In opposition to that, does not your view contemplate government activity to foster greater complementarity among those means of transportation?

Charles Fiterman: That is a complex question. The fact is that we must seek to make the transportation system more rational--to improve the complementary

nature of the services provided. It is necessary to improve the services offered to the users and to achieve the best possible cost for the community while compensating the carriers fairly, and this calls for a real overhaul of the notion of public service.

But none of this means that the objective must be to place all resources and all decisions in the government's hands--to have the state take over the entire system and eliminate the private sector. No. The needs are very diverse, and the responses must be very diverse as well. And efficiency--the system's necessary flexibility--requires the continuation of competition which, it is true, must be based on sounder foundations, with recourse to state-owned enterprises and private firms.

In saying that, I am not making a tactical concession. I am presenting a vision of the future based on the reflection which we have developed and which includes our view of what socialism for France must be.

[Question] That covers a lot of ideas and projects. How would you sum it all up in a word?

Charles Fiterman: Instead of one word, I will use two to characterize what is needed by all those who want to help the country progress: imagination and tenacity.

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CSO: 3100/747

## BRIEFS

NEW LEFTWING PARTY FORMED--Established on the initiative of a few straying Left Radicals and members of the former majority who no longer know where they belong on the political chessboard, the French Democratic Party [PDF] is currently holding its organizing congress in Paris. The new party's founding members include Guy Gennesseaux, deputy mayor of Paris (he was a member of the National Board of the MRG [Left Radicals] until Robert Fabre left that party); Michel Grossmann, deputy mayor of St Etienne and a former Left Radical; Rainer Wunenburger, chairman of the European Rally; and Christiane Bellanger, alternate member of the Paris Municipal Council. Claiming Pierre Mendes-France as its moral authority, the French Democratic Party seeks to establish itself as a "hinge" for the start of a possible enlargement of the present majority. In its manifesto, the PDF says it favors "a society of a third type" that will be "modern--neither liberal and more or less advanced nor socialist and more or less democratic. It reflects the will to build a strong and reconciled France with responsible women and men who will live together in a spirit of tolerance and of respect for differences." In the preamble to its manifesto, the PDF defines itself as follows: "In drawing on the sources of humanist thought, which provide the inspiration for its action, it is sensitive to positivist rigor and the positivist spirit. The intellectual processes of the philosophy of the enlightenment remain valid for our day. As was true then, it is necessary to analyze the real world, foresee its evolution, and seek the solution to problems with the help of the knowledge and technology at our disposal." [Text] [Paris LE FIGARO in French 5-6 Jun 82 p 7] 11798

CSO: 3100/746

## LAW PASSED IN PREPARATION FOR CABINET RESHUFFLE

NC021527 Athens NEWS in English 2 Jul 82 pp 1, 4

[Excerpts] Parliament pushed through a new law early yesterday in preparation for a major reshuffle of Prime Minister Papandreou's 8-month-old socialist government this weekend.

The law provides for three new ministries, seven additional deputy ministers and three new government agencies to assist the prime minister in decision-making.

"I want to create a cabinet structure that will guarantee absolute coordination and effectiveness" Papandreou told Greek reporters earlier this week.

The new ministries of National Economy, Science and Technology and Social Insurance are intended to streamline economic policy, promote research and development and improve welfare services government sources said.

The cabinet changes incorporate at short notice in another bill abolishing a government currency committee, passed in Parliament by acclamation.

The new law, to go into effect today opens the way for a weekend cabinet reshuffle; the new ministers are expected to be sworn in on Saturday.

Political observers said the reshuffle will result in a new focus on Greece's domestic affairs and economic problems now that the country has calmer relationships with the United States, the European Economic Community (EEC) and for the moment with Turkey.

In addition to the National Economy Ministry, which is intended to run more consistent policies than its predecessor, the Economic Coordination Ministry, three new agencies for the economy prices, incomes, and defense and foreign policy, are to be set up under the new law.

Composed of a mixture of cabinet ministers and other officials, they will coordinate decision-making through committee work, observers said.

Among the new deputy ministries are one to handle the affairs of the Greek communities abroad and another for Greek youth.



The cabinet reshuffle, the first major one since the Panhellenic Socialist Movement (PASOK) came to power 8 months ago, follows the passing by Parliament of a legislative bill restructuring the cabinet, creating new cabinet posts and eliminating others. There is no official word on the composition of the new cabinet, but there is widespread press speculation that at least 10 present cabinet members will either leave the cabinet or be moved to new positions.

Prime Minister Andreas Papandreou will visit President Konstandinos Karamanlis this morning, to submit the list of new ministers; Papandreou will then preside over the last session of the outgoing cabinet.

The first session of the new cabinet will be held Monday immediately after the swearing-in. [As received]

CSO: 4600/621

## PAPANDREOU ACCEPTS RESIGNATION OF CABINET

NC021859 Athens Armed Forces Radio in Greek 1800 GMT 2 Jul 82

[Text] Prime Minister Andreas Papandreou this afternoon called on President of the Republic Konstandinos Karamanlis and briefed him on results of his recent trips overseas and on the government reshuffle.

Papandreou then proceeded to the political office, where he chaired a meeting of the Ministerial Council in its full composition. The prime minister made a short address to the Ministerial Council, members of which placed their resignations at his disposal.

Speaking to the press after the Ministerial Council meeting, Prime Minister Andreas Papandreou made the following statement:

At 1830 [1530 GMT] today I visited the president of the republic and I briefed him on the composition of the new Ministerial Council. Tomorrow at 1600, the press under secretariat will release the names of the ministers and deputy ministers, who will be sworn in at 1100 on Monday.

The Ministerial Council has just met for the last time in its present composition. I would like to summarize the gist of my statement to the Ministerial Council. I must stress, Papandreou continued, that all have placed their resignations at my disposal.

I stated that the current Ministerial Council, which ends its life on Monday in its present composition, is an historic Ministerial Council. It is the first such council from a new Socialist Greek Government. It is a fact that if we review its record during the past 8 months we cannot fail to see that deep incisions have been made in nearly all sectors, with adherence to what we promised to the Greek people with courage in respect to dealing with organized interests.

It is a fact, Papandreou stressed, that change is taking shape and form. The foundations have been laid. During the same period, I believe, we have handled the country's great national issues in a way that is simultaneously Greek, proud and wise. Without doubt our country, like all European countries, is facing particularly difficult conditions in the economic sector. I also believe that our work here has been important.

Without a doubt, in fact, the challenge of the economic problems requires more intensive handling. This will be one of the first obligations of Pasok's government in its new composition. I also underlined, the prime minister continued, to my colleagues that I hold all of them, without any exception, in esteem and that I am connected to them by ties of friendship and ties of joint social, economic and national struggles, that for us reshuffle does not have the meaning it had in the past--that those who failed go and the successful ones stay. If there is failure, this is collective. We are all responsible and, consequently, I am also responsible.

The essence is that the prime minister, who is directly responsible to the electorate, must take the options which will promote the solution of problems as fast and as productively as possible. Each colleague, however, whether he is in the Ministerial Council, or in the Executive Bureau, or in the Central Committee or in any other part of our movement, wages the battle from his position.

No one has a contract, the prime minister stressed at this point, with history to be a permanent minister, deputy minister or a member of the Central Committee or the Executive Bureau. We wage our battle from wherever we can best wage it for the benefit of the Greek people and the Greek nation.

CSO: 4621/451

## FOREIGN DELEGATIONS ATTEND KKE-INTERIOR CONGRESS

[Editorial Report] The Greek-language Athens newspaper I AVYI, in its issues of 15, 16, 21, 23 and 25 May, reports on the participation of foreign delegations in the 3rd (11th) KKE-Interior Congress which opened in the Athens suburb of Nea Smirni on 15 May.

The 15 May edition of I AVYI lists on page 12 the following delegations and their members:

Italian Communist Party: Gastone Cencini, member of the Italian Communist Party Central Committee;  
PRC Communist Party: Feng Xuan, Central Committee member and adviser of the Central Committee's International Relations Department and Chlo Chung Che and Liu Chung Chin, associates of the Central Committee's International Relations Department;  
Socialist People's Party of Denmark: Soren Keldorf, member of the International Relations Committee;  
Iraqi Socialist Ba'th Party: Malik Basur, member of the National Command's Foreign Relations Bureau;  
Norway's Socialist Left Party: Durbin Dahl, vice-chairman;  
Syrian Arab Socialist Ba'th Party: 'Ali al-Madani, ambassador to Greece; Salih al-Salih and Ahmad al-Shaykh.

The following day, 16 May, I AVYI reports the arrival of the following foreign delegations to attend the Athens congress on page 1:

League of Communists of Yugoslavia: Djuro Trboviv, Executive Committee member, and Njegomir Slavco and Kalina Karajova;  
Romanian Communist Party: Petre Lupu, member of the Political Executive Committee; Nicolae Ionescu, of the Central Committee's International Relations Department; and Minda, a party cadre;  
Edek Party of Cyprus: Andreas Fridhas, Political Bureau member in charge of international relations;  
Swedish Communist Left Party: Per-Olof Bengston, Political Bureau alternate member and parliamentary group secretary;  
Spanish Communist Party: Jordi Borja, member of the Central Committee and member of the Catalanian Communist Party--PSVC;  
Nicaragua's Sandinist National Liberation Front--FSLN: Orlando Castigio;  
Syrian Social Nationalist Party of Lebanon: George Sharmal;

Italy's Party of Proletarian Unity for Communism--PDUP: Luciana Castellina;  
IRA political branch: Richard Beehall, in charge of International Relations  
Department;  
PLO representative in Athens: Shawqi Armali;  
Polisario Front of Western Sahara: Omar Ali.

I AVYI notes the participation of a delegate in the KKE-Interior Congress from the Libyan Arab Jamahiriya, Sayyid Nasr, in its 21 May issue on page 5 and, in its 23 May edition, on page 5, the delegate from the French Socialist Party, Alain Senal, who is in charge of international relations, and the Turkish Revolutionary Organization DEV-YOL delegate, Hesseyn Kaya.

Two days later, I AVYI prints on page 5 of its 25 May edition the following names of newly arrived delegations to the Athens congress: Omer Senol, delegate from the Turkish Revolutionary Antifascist Organization Kurtulus; Lin Bozer, representative of the Swiss Progressive Organizations POCH; and Aziz Mameli, representative of the Kurdish Democratic Party of Iran.

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## KKE-INTERIOR ELECTS COMMITTEES, SECRETARY

[Editorial Report] Athens I AVYI in Greek on 25 May on page 1 published the following namelists of the Central Control Committee and Central Committee elected at the KKE-Interior's 3d (11th) Party Congress held in Athens from 17 to 23 May:

Central Control Committee: Tasos Athanitis, Spiros Armaos, Nikos Dhimakos, Bambis Kalantzis and Dhimitris Lakas.

Central Committee: Nikos Athanasakos, Nikos Aronis, Levteris Voutsas, Nikos Voutsis, Sotiris Valnden, Dhimitris Vandolas, Thomas Vasiliadhis, Anna Vrikhea, Grigoris Yiannaros, Panayiotis Gazgas, Nikos Gouryiotis, Bambis Yeorgoulas, Vasilis Gongoglou, Kostas Gavroglou, Dhimitris Yiatzoglou, Bambis Khrakopoulos, Kharalambos Khrakopoulos, Panos Dhimitriou, Angelos Dhiamandopoulos, Levteris Elevtheriou, Kostas Zouraris, Kh. Zoiopoulou, Aimilios Zakhareas, A. Thanasis, Bambis Theodoridhis, Nikos Iliopoulos, Tasos Ioannidhis, Theodoros Kazelis, Yiannis Kaounis, Fotis Kouvelis, Petros Koumalakis, Khimitris Koutsounis, Leonidhas Kirkos, Kostas Kostarakos, Stavros Karas, Nikos Kapetanakis, Makis Kavouraris, Nikos Manios, Yiannis Baniass, Takis Benas, Andonis Brillakis, Dhespoina Bogri, Eliza Maratou, Dhimitrios Dokopoulos, Andreas Nikoloudhis, Pavlos Nioniaras, Stelios Pappas, Thanos Papadhopoulos, Aspa Papathanasopoulou, Dhimitris Papdhimas, Elli Papakonstandinou, Stergios Pitsiorlas, Yiannis Rengas, Maria Perousi, Alkis Rigos, Leonidhas Tzeffronis, Ilias Triandafillopoulos, Kostas Filinis, Alekos Fmalbouraris and Dhimitris Khatzisokratis.

Athens I AVYI in Greek on 30 May on page 1 reported the election of Yiannis Baniass as secretary general by the new Central Committee. He replaced Bambis Khrakopoulos, who had served as secretary general since the division of the Greek Communist Party.

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## 'I AVYI' REPORTS ON KKE-INTERIOR RESOLUTION

NC022030 Athens I AVYI in Greek 3 Jun 82 pp 1, 10

[Text] The political resolution of the 3d (11th) congress of the KKE-Interior, under the general title "For a New Course Toward Socialism--For a Modern Democratic Communist Party," describes the removal of the rightwing from the country's administration as "a political incision in the country's history."

The first two chapters of the resolution deal with the domestic and foreign situation. The remainder of the resolution deals with the mass movement and the party's problems of physiognomy and structure.

The entire resolution is permeated by the guiding principle for the autonomous, pioneering presence and action of the KKE-Interior under the new historical conditions.

The resolution defines the new and important possibilities inherent in the phase which began developing following the election for expansion of democracy, for a decisive people's intervention aimed at radical changes toward socialism. It stresses that the message of October--which is a great democratic victory for our people--demonstrates a greater maturing of the trend toward a deep revitalization of Greek society. At the same time, however, the resolution stresses the fact that the method used to reach the October victory led to a lack of deeper understanding of the trends and the context of a basic change among the masses.

The acquisition of a new and mature understanding of the context of the change which the country needs together with the militant movement and organization of the vast people's majority which ousted the rightwing in order to promote mature changes and to overcome the crisis through active people's participation, and not be waiting for government initiatives, constitute the two "critical problems" underscored by the resolution with regard to the new phase and for the solution of which the KKE-Interior is called upon to play "a particularly decisive role."

The resolution underlines the deep and multifaceted crisis in Greek society, with the economic crisis at the summit. It defines the basic directions proposed by the KKE-Interior for the positive solution of this crisis for the benefit of the workers and people, which are summarized as follows:

- a) The promotion of a number of specific, deep and radical reforms which will lead toward a deep reorganization of economic and social relationships.
- b) The struggle for the expansion of democracy, which, under current conditions, is closely related to the struggle for socialism.

The role of the mass people's movement is stressed with particular emphasis, as is the need for an autonomous, militant and pioneering presence and development of the KKE-Interior as a basic element in the basic change toward socialism.

In respect to the policy of Pasok's government, it is concluded that despite positive measures in a series of sectors there is no effort to create the basic prerequisites for the advancement of change and for opening the way toward socialism. Today the efforts of the KKE-Interior are aimed at "conversion of the election majority into a socio-political force for change," based on the development of a strong mass people's movement and the formation of a parallel coalition of social and political forces.

The resolution stresses that the KKE-Interior has conducted and will continue to conduct--from its own autonomous positions--a strict critique of the government's actions which do not promote mature changes, "particularly at the level of the people's forces," while, at the same time it "has supported and will continue to support every positive step by the government through its policy and its stance within every mass sector."

The chapter on the international situation underlines the tension in international relations, the worldwide dimensions of today's crisis and the importance of development of an autonomous mass movement for the defense of peace which will counter the mentality of biopolarization and confrontation between the coalitions. Within this framework an evaluation is made on the position and contradictory role of the USSR and the countries of "existent socialism" in the modern world, and the importance of the development of Eurocommunism is stressed.

CSO: 4621/451



POLITICAL

GREECE

BRIEFS

SOLIDARITY WITH LEBANON ASSURED--The Greek people and their government support every effort which could end the tragedy of Beirut. This assurance was given by President of the Republic Konstandinos Karamanlis to Lebanese Ambassador in Athens Suhayl Shammās, who handed him a personal message from Lebanese President Ilyas Sarkis. In his message the Lebanese president requests Greek support in the effort to save Beirut. [Text] [NC302135 Athens Domestic Service in Greek 2100 GMT 30 Jun 82]

CSO: 4621/451

## PARTIES' STRATEGIES IN ELECTION CAMPAIGN

Amsterdam ELSEVIERS MAGAZINE in Dutch 19 Jun 82 pp 8-11

[Article by Dieudonné ten Berge: "Civil War in D'66"]

[Text] The smoke has hardly cleared from the cabinet crisis and the formation and policy declaration of the summer cabinet, and now the parties are again preparing for a confrontation on the following issue: shall there be a Van Agt IV cabinet, and if so what will it look like? During the coming weeks, therefore, a wave of political conspiracy will wash over the country. Dieudonné ten Berge takes a look at the various strategies.

"Look, from now on the minimum-income set will be lying on the beach in Spain, the modal-income set will be sitting in Tunisia, and everybody above that will be running around in Acapulco, so we do not need to leave the starting gate until the middle of August." The speaker is a prominent Netherlands politician who, after partaking of a few glasses of wine, is expressing himself about the coming campaign. In the four big parties of today, CDA [Christian Democratic Appeal], PvdA [Labor Party], VVD [People's Party for Freedom and Democracy], and D'66 [Deomocrats '66] it is indeed assumed that there is no sense in conducting that campaign before and during the vacation. "First go on vacation and then conduct a clear, short, sober campaign," Mr Lubbers said back on the evening of the municipal council elections, which were visibly advantageous only for the CDA.

But the preparations for the big battle around 8 September have now gotten fully under way. In the corridors of The Hague there is a busy coming and going of PvdA politicians, most of whom have just gotten well accustomed to the emoluments of the office-holder and wife. They are working hard on a new and effective campaign platform. The socialists command as nobody else the art of campaigning. "Politics is primarily visual," Kees Bode, campaign director and former advertising man, said years ago. It must thus look big. Wim Meijer said in the Second Chamber: "The Labor Party will enter the elections conscious of its own power, independent, and not ruling anybody out." Marcel van Dam said: "The Labor Party must not promise more than it can make good on." And Joop den Uyl: "I am once more available as standard-bearer," and "The Labor Party is again behind in the race."

Above all, the political message must be sold. People are known to have very short memories. By the middle of August the failure of the CDA-PvdA-D'66 cabinet will have been forgotten long since. But if one hears often enough that in any case it was not the Labor Party that was to blame for the failure, but that wretched Van Agt, then that will be the message that sticks. That message is now being hammered home by every socialist leader. Thus it is not stated that the socialist ministers resigned unnecessarily, *nota bene* precisely at the moment when Van Agt and Van der Stee gave out a guarantee that the buying power of the people who are in real difficulties, i.e. the real minimum-income set, was guaranteed. Within their own ranks and usually after partaking of a few alcoholic refreshments in establishments in The Hague, some former PvdA ministers also say that the fall of the cabinet would not have been necessary, if only Den Uyl had not been so hard-headed. It was made impossible for the PvdA to govern, they say. But people must quickly forget that it was primarily the trade union movement that set itself against such Den Uylian illusions as employment plans and tax increases. The socialists will also come into the elections as the inventors of Netherlands practical politics of the 1980's. No more massaging away as at the time of the previous cabinet formation; no, things are to be called by their right names now. When the previous campaign platform was brought out, Prof Hans van der Doel was a warm advocate of it. But he came near being expelled from the party because he upset a nice socialist dream. No more rose-colored figures now, and no far-fetched issues. When the VVD and a large part of the CDA shouted that 5 years ago they came near being stoned by the socialists; now such conduct is all of a sudden called courageous. But from the middle of August on, the Netherlands shall know that there is only one party that dares to look the raw economic reality in the eye, and that is the Labor Party.

The socialists have their little problems, too, of course. First, Den Uyl's successor. The selection of candidates for the Second Chamber is also proving somewhat difficult. It is urgent, for the campaign management would have us believe that the socialists will practically get an absolute majority, while the Second Chamber members think about it with somewhat more concern. The question is rather whether all 44 will return to seats in the chamber. The polls do not indicate that.

After the 1981 elections, in which nine seats were lost, it was resented that the CDA laid claim in the first instance to the chairmanship of the Second Chamber. As successor to Dr Anne Vondeling, Dr Dick Dolman had shown himself an excellent presiding officer. And this job demands the very best. After some hullabaloo Dolman remained chairman, and rightly so. The socialists are obviously so shocked by this CDA generosity that Dolman is threatened with coming somewhere far down on the list of candidates and may have to look for another job. The ease with which the socialists divest themselves of quality borders on the incredible.

Another not inconsiderable socialist problem is not to wind the election congress in mid July up in a chaotic dissension. Socioeconomic practical politics will be swallowed down all right, but what is to be said of looking reality in the face with regard to defense and atomic weapons? A coming cabinet can no longer allow itself a wavering NATO position. In addition, the guerilla warfare between the Van den Berg wing and the Den Uyl wing has not yet burned itself out.

Within D'66 the civil war is just well started. Jan Terlouw has been completely cured of his courtship of the socialists by 4 months of cabinet formation and 8 months in the government. It will not be Jan Terlouw's fault if D'66 again becomes a trailer to the socialists. Second Chamber Member Bakker is not yet that far along, and even threatens to make his seat in the chamber available if D'66 forms a coalition cabinet with the CDA and the VVD. But Bakker was number 17 on the list. The chance seems very good that Bakker will not have to wear this political clown number this coming fall, and can enjoy his unemployment pay in peace.

After an evening and a day of talk in the former little seminary in Noordwijkerhout, Engwirda, assistant leader of the VVD parliamentary delegation, let it be known that the VVD no longer need be considered as a contagious patient. "It is a question of a genuinely progressive policy," according to Engwirda, and he again adds no explanation of what that involves. Cretology, but when you say that, D'66 feels hurt. Among the party members all sorts of demonstrations are worked up for antiliberal operations, but on the other hand they no longer care for the socialists and Christian Democrats. Since the election D'66 seems to prefer to govern by itself, but with six or seven seats there is little prospect of that.

With its new, young leader, Ed Nijpels, the VVD stands ready to receive D'66's prodigal sons. It will be Nijpels's first campaign. Within the liberals' national council there is some anxiety lest Nijpels grow over-bold with the first successes that he won so shortly after Wiegel's departure.

"Better bite your tongue than blurt something out without thinking it through," they say there. "But it is questionable whether he can stay on his feet for the whole campaign." But Nijpels has excellent auxiliary troops available. Van Aardenne and De Korte know the socioeconomic and financial trade like nobody else. And anyway, the liberals are manageable in times of prosperity. The rank and file are courteous and know that political continuity is well ensured.

Putting the incumbent Second Chamber members up as candidates offers no problem. Lower on the list comes the pushing, maneuvering, and elbowing. "We will make a reasonable chance to participate in a coming cabinet and then you must quickly make 10 or 12 seats in it available," they say in the party leadership.

In the CDA, to quote Wiegel, the brand-new queen's commissioner [i.e., governor] in Friesland, "the light has come back on in the chicken-coop in the middle of the night." The Christian democrats must take the consequences of years of pursuing a policy of carefully keeping their hands free. Within the parliamentary delegation, the national council, and the cadre there are in fact two groups. "Political reality points in the direction of the VVD," says a prominent member of the parliamentary delegation. "Cooperation with the socialists has failed." Even a man who staked his political reputation on that cooperation, Jan de Koning, who assisted in forming the cabinet and is now a minister, feels that. De Koning belongs to the AR [Anti-Revolutionary] wing of the CDA. A considerable part of that group feel that the socialists must be given one more chance after 8 September. Particularly in the daily TROUW the political leader Van Agt is depicted as a clown and a soloist. As far as that group is concerned, Van Agt may be standard-bearer again, but only if during the last

3 weeks he hangs up the two hats he has been wearing as prime minister and minister of foreign affairs and campaigns around the country purely and simply as the convincing CDA evangelist. In addition, he must publicly declare that it is not the cabinet policy, but the CDA platform that is the basis of the election campaign.

But that CDA platform consists of an extra sheet inserted in the old book full of campaign promises. Of that piece of work there is more that has not been carried out than that has, principally because it was made up of dreams. For instance, it stated that [social security and welfare] premiums and taxes would go no higher. It is to be hoped that the CDA voters have short memories. The insert-sheet/new campaign platform, by the way, was partly turned in by Lubbers, the idea virtuoso. On Saturday 3 July the CDA members may say yes to it. They can no longer say no, for lack of time. The country's biggest party thus degrades its members into mere clappers. And the CDA as a single party will not have a new selection of candidates for the Second Chamber. "It is all so bothersome, you know, those blood groups," says one chamber member.

In contrast, for example, to the VVD, where the young director of the scientific institute, Prof Joris Voorhoeve, gets a place on the list of candidates, the CDA evidently has no need of new talent.

For the first time since World War II the outcome of the election for the CDA will be decisive for the new coalition. If the CDA, which now has 48 seats, gets 50 or more, the Van Agt line will have won, and that line points in the direction of the VVD. If the liberals [i.e., the VVD] get 30 or more seats--and it now looks as if they may--then a stable CDA/VVD coalition is possible. The loyalists within the CDA will then be largely silenced. If the CDA loses one more seat, then the way is open toward the PvdA. In that case the Van Agt line will have been rejected by the voters. The CDA possesses a number of so-called circuits, politicians who know, influence, and guide each other, but will not admit it to the outside world. This strategy comes from one of the top circuits.

The Labor Party may have its problems of succession; in the CDA they know what to do about it. Within large parts of the party Van Agt is accepted and valued as leader. But not by everybody. But even in the national council Lubbers's candidacy is a thing of the past, because it would lead to an election debacle, and Jan de Koning, too, lacks the aura that is so despised at the party office but is so essential for political power. And for the time being Kremers, as governor of Limburg, must not have much to do with goings-on at The Hague.

The CDA is not ready for the duel. It does not know who is the opponent, who is an ally or a second, does not choose the weapon, and lacks the real fighting spirit. And while the parties are working out their strategies, platforms, and scenarios in little rooms and congress halls, the Netherlands is preparing for vacation and jammed roads. Until the middle of August the word is: *Après nous le déluge.*

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CS0: 3105/188

## LABOR, CHRISTIAN DEMOCRATIC ELECTION PROGRAMS

Rotterdam, NRC HANDELSBLAD in Dutch 19 Jun 82 p 3

[Article by editor Frans Kok: "PvdA [Labor Party] and CDA [Christian Democratic Appeal] Programs Resemble each other"]

[Text] The Hague, 19 June--The draft-election programs of the CDA and PvdA which were introduced yesterday have the fact in common that they clearly are less ambitious than the programs with which both parties approached the voters last year in May. In spite of the bad economic situation, the programs then were bulging with good intentions in the field of economic growth and job creation. The CDA and PvdA would help no less than 300,000 people go to work between 1981 and 1985. According to the PvdA, economic growth would amount to an average of 2.25 percent. According to the CDA, it was initially even 2.5 percent, later it was hastily adjusted to 1.75 percent.

The tone of the programs is now a bit quieter. Numbers, which experience teaches are obsolete in a few months, are hardly mentioned anymore.

Long rows of figures about the distribution of growth are missing for the simple reason that there is no longer anything to distribute. Both the CDA as well as the PvdA program now express the spirit of let us try to hold what we have, that is already difficult enough.

## Pocketbook

Previously political parties were often reproached for promising too much. However, the realistic content of the programs now publicized has another side that they offer so few prospects that the voter has nothing to go by with them. Only in the field of social security where the great slashes in the billions must take place, were several new plans revealed yesterday, but still so abstract that no voter can figure out what this means for his or her pocketbook.

The CDA wants to replace economies by all social insurance with a basic benefit which is the same for every benefit recipient.

Because the amount of the benefit is not sufficient to support more than one person, in that case, one has a right to an extra allowance. It is a rather violent change of the existing system, but according to the CDA, certainly unavoidable, if one wants to maintain the net accumulation.

The PvdA is seeking it approximately in the same direction. Each individual must have the right to a social minimum, which, however, by the reduction of working hours (to be fixed compulsorily) will be less than now. As long as the economic independence of men and women is still not realized, it must come to a supplement to the social minimum per household, according to the draft program.

Both proposals make one think strongly of the breadwinner principle, but both Lubbers as well as Den Uyl hastily assured yesterday that this unpopular label especially must not be allowed to be put on them.

#### Perspective

Den Uyl did not appear yesterday to be dissatisfied with the CDA program. He perceived a less rigid adherence to a policy of reduction of the financial deficit than during the formation of the cabinet. The CDA now says, "the effort is directed at a reduction of 1 percent per year." If one had used this somewhat milder formula during the formation, Den Uyl said yesterday with some regret, the formation could have lasted 2 months less.

In addition, Den Uyl expressed uncertainty about the precise supplement of income distribution and according to him, the CDA plans lacked sufficient perspective to counteract unemployment rising to 800,000.

However difficult the relationships between CDA and PvdA may be politically, just like a year and a half ago, the program in itself does not need to be any obstacle to cooperation after the elections.

That reaction also prevailed yesterday in CDA circles. A number of passages were mentioned there in which the PvdA takes a less rigid standpoint than in the previous program. The trend policy for public servants, the profit principle, natural gas profits (the last time still good for booking 4 million guilders in extra income), protection of the genuine minimums, agreement with the CDA on all these subjects must be possible.

#### Principles

On one point, the PvdA has not deviated from its principles, although that was exactly expected and that is the closing of both existing

nuclear power plants "as rapidly as is technically possible." In spite of all the disturbance about Dodewaard, not a comma has been changed in this passage. A breaking point for a possible new coalition, one may think, for no other party is thinking about closing the plants now because the dismantling costs of 2 billion guilders are not available at this time.

Still that is not so, because the PvdA has thrown every conditional strategy overboard. No more points of controversy, that, whatever the cost, must be realized.

The political party strategy has also turned out somewhat milder. No more definite preference for a leftist majority, no exclusion of the VVD [People's Party for Freedom and Democracy], at the most, the somewhat defensive call to the voters to see to it that no CDA and VVD cabinet takes place.

Regarding the abandonment of the people's front idea, party chairman Van der Berg observed casually yesterday that the left now has no more chance to form a majority. Moreover D'66 now shows less inclination than ever to participate in a leftist majority. The relativity of the election programs and especially the bombastically conceived strategies are again demonstrated with that.

8490

CSO: 3105/184



## COMMUNIST ORGAN THEORIZES ON CAUSES OF PCE PLIGHT IN MADRID

Madrid NEUSTRA BANDERA in Spanish Apr 82 pp 24-27

[Article by Manuel Rico: "The Party's Crisis in Madrid"]

[Text] The Events

For a fairly long time and with growing anticipation of its 10th Congress, the PCE's [Spanish Communist Party] image was gradually deteriorating, with constant questioning of decisions adopted by majority vote in its executive organs, with divergent assertions by qualified party members in the press, and a certain tendency to use both public and trade union positions as means of exerting pressure on democratically elected organs.

Such activity, not only witnessed in Madrid, has two elements: On one hand the "dogmatic" anti-Eurocommunist concept which theorizes and puts into practice the concept of independence of the communist activist exercising trade union responsibility (rather than independence of the union) and on the other hand the "Euro-renovating" concept that not only theorizes relative pre-eminence of the elected member's political responsibility but proposes an entire organizational "corpus" that is allegedly more democratic. Following the 10th Congress, following unprecedented debate, following the confirmation and deepening of our Eurocommunist policy, there occurred the crisis in the PCE-EPK [Spanish Communist Party-Basque Communist Party] and the public invitation of Lertxundi and the majority of the EPK's central committee at the time to undertake a policy of confrontation and opposition to the results of the 10th Congress. In Madrid the crisis surfaced through the notice, signed by 12 public officials, 6 central committee members, and a sizable number of activists known in professional circles, of a function at which Lertxundi and Onaindia were scheduled to speak. This was the factor that triggered the crisis which had appeared more or less muted in earlier periods. After a debate lasting more than 32 hours (an unprecedented event in Spain) the central committee took action expelling the six members who had signed the call to the meeting following their refusal to rectify their deeds (rather than ideas for freedom of opinion enjoyed in the party). Madrid's provincial committee found itself in the same negative position on the part of the five councilors of the municipality of Madrid; so the committee withdrew its political support of them and demanded their resignation. The response of those affected was also negative, with the result that they were expelled

as the only way of guaranteeing their replacement as provided in Article 11 (6) of the Law of Local Elections. This process was accompanied by an extensive debate in the party's rank-and-file, which overwhelmingly ratified the attitude of the provincial committee, and by a systematic attack by the mass media. This means that the provincial executive acted by opening the debate in the party after exhausting all the possibilities of solution (the only condition it set was adherence to bylaws and the public rectification of the deeds) and the self-styled "renovating" councils joined by what are called "dogmatic" activities, went into action seeking to bring public opinion into confrontation with the PCE's executive organs in an effort that was openly pluralistic, trampling on internal democracy and incorporating "separatist," "asceptic," "technocratic" elements in their arguments, with the consequent support, more or less explicit, of all the mass media (namely, ABC, YA, EL PAIS, DIARIO 16, and others) and causing serious deterioration of the concept of a political party. In broad outline these are the facts.

#### Some Basic Reasons

In the Madrid crisis the relevant factor has been the so-called "renovating" element, both because it was assigned to public positions in the Madrid municipality and because of the publicity apparatus that it encompassed. What is it that underlies this crisis? Is it merely differences on organizational matters that are involved? In my opinion, what is at hand is a complex phenomenon with strong political components. Underlying the "renovating" positions there was broad trend of distrust in the Eurocommunist space. Since any political attitude must be analyzed in a specific context, appraising in dialectic form all the elements at play, [it might be noted that] the Madrid crisis was influenced by the following factors among others:

1. The fact that the split did not occur in the form that we had anticipated as well as the difficulties that our policy has experienced in trying to be heard have had a delayed effect within the party. The unquestioned demoralization which occurred among numerous activists after the electoral results of June 1977 did not evidence itself initially but nevertheless, little by little, a phenomenon of internalization occurred which paralleled, even though it was not stated openly, the following thought: "If our policy is correct but cannot win us more than 12 percent of the vote, the reasons for that difficulty must be of an internal nature, must involve "image and other matters." And gradually, our capability to take action vis-a-vis the outside became limited--despite the fact that we were the only party that increased its votes in 1979--while there were more discussions regarding problems of an internal nature. It is not coincidental that among the criticisms which surfaced there was not a single proposal contributing to the PCE's policy. This means that in the face of difficulties in clearing the way for our policies, and given the alleged intention of opening the party to society, a contrary effect occurred: A "de facto" withdrawal that reduces the party's capacity for group action, joining a dynamic of endless debates up to high levels and within the party, with demoralizing effects for a large number of activists.

2. The economic recession paralleling the transition process--which has had among its more negative effects a marked drop in membership in political parties as well as mass organizations (trade unions, neighborhood associations, women's organizations, and so on), increasing the tendencies toward individualization compared to collective action--also underlies the crisis. However, such elements are not as important as the effect which the existence of local democratic governments, with the opening of prospects of resolution of historic problems in cities and towns, has had in the reduction of urban movements. Neither are they as important as the consequence of an excessive departure of cadres from groups with intermediate-sized organizations without direct relation to the social upset. Nor are they as important as the negative effect of the transfer of numerous mass leaders to work in institutions. And these factors have represented an aggregate of problems that have excessively burdened our activities, acting as factors of demobilization, removing cadres from base organizations, undermining their capacity of action, and reducing the levels of activism.

With respect to this matter the PCE and its executive organs in office before the 10th Congress committed errors. Self-criticism, harsh and at times far-reaching, is evident both in the resolutions and in the report that was presented. But from this point to establishing absolute responsibilities is a very far cry because, except for generic and abstract criticisms, the solutions proposed by some of the so-called "renovating" elements appeared focused on a unique formula: Currents of organized opinion (there is specific mention of factions in a document of December 1981). And this evidences erroneous judgment.

3. A superficial analysis of the policy of the PSOE [Spanish Socialist Workers Party] and an evaluation of its political image in addition to the political events in Greece and France help to fuel that attraction which, while it seems diffuse and murky, nevertheless leaves an unquestionable legacy in the organizational concepts defended by the so-called "renovating" elements, establishing in practice the dissolution of our policy--even though this is not mentioned openly--in the majority party of the Left, replacing the differentiating aspects in the interest of a badly understood unified policy.

That is also where the question of Eurocommunist space and of the PCE as a vanguard party resides, leading to a proposal for a "quasi movement-oriented" party.

4. The increase in international tension, the return to the Cold War, and the effects of the oil crisis that began in 1973 are elements which, while they have had a clear repercussion on the growth of dogmatism in our party, have also influenced, even though "sub rosa," the phenomenon that we are analyzing, with the impact of a profound modification in our character as a communist party. The clearest expression is in the intent to rearrange our marks of identity and the proposal to break with the communist parties of genuine Socialist countries (a proposal which appears diffuse at first but which assumes a clear outline following the central committee's resolution about the coup d'etat in Poland). Underlying this evaluation there is not only

a questioning of the organizational model of the PCE (which some have erroneously tried to compare with the organizations of the communist parties of Eastern Europe) but also questioning of the evidence of our ultimate objective, namely, communism, and of the character of the PCE as a class party, a party of the working class and of the more evolved sectors of society.

The historic schism can be overcome not only by communist defense of the inseparable nature which socialism and freedom must have, but also by the assumption by the Socialist parties of a policy of the Lefts, truly of a transforming nature, which presupposes in practice and theory a real drop in their historic tendency to pursue the interests of capital and an increase in their capacity of organization and action of the masses. This matter, therefore, must be the outcome of a dialectic process and does not exclude, quite the contrary, the existence of strong Eurocommunist parties, with their own organizational model and a programmatic component that is clearly revolutionary and democratic.

That role, the basic content of the political space [qualitatively superior to the electoral space concept], the guarantee of the gradual development of a democracy of a new type with Socialist bases in economic and civilian life, is the element which the Eurocommunist parties must incorporate, going beyond the almost exclusively electoral framework which constrains and at times debilitates the options of the Socialist parties in southern Europe.

Following the enumeration of these factors, it is necessary to assert that if there is a Eurocommunist space in Spain and in Europe, the PCE is an irreplaceable instrument within the framework of the social bloc of progress: It is the party of hope, of the extension of democracy, of the improvement of institutions, of the building of a Europe that is independent of both [world] blocs, of the organization of the working class. The party which has to help in the process of transforming capitalism and which has to help the necessary political revolution in countries with so-called genuine socialism. This is our political space, the space which no other party fills, the space which our party began to carve out for itself, even though with peculiar characteristics, even with outdated elements, in October 1917, a mandatory frame of reference for all those men and women struggling to convert the workers, the working class, into protagonists of social advance and progress.

#### What Party Do We Need?

In broad outline, these are the objectives. What instrument do we need to help bring them about? Do we need a traditional party, organized into factions, that would be a constant reflection of the contradictions within the subordinate classes? Or do we need a party of a new type, standing above these contradictions, with an organizational model different from that of society? In essence, this was the substance of the debate in the 10th Congress, a debate that is not new in the communist movement nor even new in the PCE.

It has been proposed from the theoretical and practical viewpoint at least in Madrid to legalize some forms of pernicious activity. In reality, under the guise of the party's "democratization," of its "debureaucratization," an alternative organization has been defended which was already operational in fact, with disastrous effects: The creation of watertight compartments in some organizations, the autonomous, independent functioning of the communist trade unions would represent serious difficulties in integrating public positions in the regular life of the party with its consequent gradual weaning from dependence on the executive organs directing the party, debates aimed at securing followers rather than as a function of increasing capacity for political action, analyzing the elements of party action toward society, the gradual separation of the executive and the rank-and-file, "de facto" disinvolvement of some leaders from the decisions approved by the majority in the committees to which they belong, the articulation of pressure groups in committees, systematic public statements against policy formulated collectively by using trade union or public positions, and so on.

In essence, the collective intellectual--notably its basic element, democratic centralism--had been dismantled. And therefore internal democracy was destroyed through the concealed functioning of organized factions whose effort surfaced on exceptional occasions and made an abrupt appearance in November 1981.

For that reason it is necessary to state with maximum clarity: The organizational model proposed to us at the 10th Congress, which was defeated through the individual vote of each delegate and which some have tried to impose "de facto" since the time of the Congress in some organizations and in special form in Madrid, does not in any way imply an increase in internal democracy, does not mean a step forward but rather signifies a notable regression.

Those characteristics which make the PCE the most democratic party on the Spanish political scene and at the same time the party with the greatest capacity for collective and unitary action are the following:

We are a class party, a party of the working class (which is not laborite) understood in the broad sense; we are a Marxist and revolutionary party, a democratic mass party; we are a party of struggle and government, a party of the vanguard; a party of a new type, not an electoral party (even though that element is basic in our actions).

#### Organizational Model, a Differentiating Element

It is not coincidental that the attacks of the Right (and other parties) are systematically focused on pressuring us to relinquish democratic centralism. They are aware of the fact that it is an essential element in the efficiency of our political action. In the principle of democratic centralism one finds the concept of intellectual collective which presumes, in synthesis, the dialectic sum of many brains, of many intellectuals, of many wills, in a common political plan and in concrete, on-going action.

What is involved is to organize the instrumentality, an instrument that must act simultaneously at the social base and in the institutions, one which must be entirely the part of struggle and entirely the governing party, one that thinks and plans collectively, in constant touch with the social reality which it has to alter. A party composed of individuals who join it not because of their class status (even though this has an impact) but by virtue of their identification with its transformation project: Free and equal individuals who assert their individuality by taking part, consciously and voluntarily, in a collective organ, a different one, which is not the society in which it exists, which must be the vanguard of that society and not a reflection of its contradictions (even though they are mirror-images of each other to a large degree).

For that reason the special internal democracy of the PCE is the most integral form of democracy. It is, incipiently, the most complete mass political democracy (even though there are shortcomings in its setup in practice), one that cannot reflect the methods of operation of the political society in which it exists because that would make it incapable of leading that society. It is a new democracy based on the constant flow of debate from top to bottom and from bottom to top, connecting it with the reality on which it acts. That is where the essential component resides in the conformation of collective opinion. It is the democracy of the instrument, the freedom to hold discussions, unity of action following the making of decisions. That is the best guarantee of collective political action in preference to individual initiatives. The fact that our party is organized into groups in firms, territories, sectors, and so on, in contrast to other parties, also expresses a political resolve that its internal democracy, its mass political debate, become established in the social fabric at all levels. And that is also a factor of extreme importance in the formation of the new-type party.

#### Organized Factions, Distortion of Internal Democracy and of the Intellectual Collective

As we have seen, the structuring of "horizontal" currents of activity in the party has been presented as a panacea to broaden internal democracy and the party's capacity for action.

One of the arguments that has been tossed around has been that since there coexist in the party individuals hailing from different sectors (workers, intellectuals, professionals, small- and medium-sized businessmen, women, and so on) and that they consequently reflect contradictions among the subordinate classes, it is necessary to facilitate organically the possibility of expression of these elements, these cultures, in organized factions. Underlying this is an "old type," traditional concept, debated on various occasions, not only in the communist parties but also in some Socialist parties. The party is not a movement; it is a class political organization for action. It must be the synthesis overshadowing the contradictions. In it we must see that the differences of social and cultural origin are overcome, not that they are stabilized. This result is obtained through conscious, constant effort in contrast to practice and the social environment. Factions not only do not

help this purpose but also contribute very seriously to increasing differences, to making various parties look the same.

On the other hand, it has been argued that factions would help enrich discussions. Nothing is farther from the truth. A structure of this type would direct the party to a systematic policy of compromises, of pacts (which is not the same as integration) among the various factions, polarizing the debates as a function of acquiring followers rather than as a function of political action, distorting the latter in acknowledged manner and creating disharmony among the activists. That is, there would be injected into the party a "parliamentary logic" which would perceive the party as a kind of assembly, with its respective groups, which would incapacitate it as far as taking action was concerned.

It has also been said that the defense of a model of socialism in freedom must necessarily imply the adaptation of the organization to that model. This would be acceptable if that "socialism in freedom" mandated a single party (that would have to integrate various factions within it) and if it were an ultimate goal of the PCE. But this is not so. That argument, basically, has clearly totalitarian overtones. The socialism in freedom that we defend involves the existence of different political parties.

The PCE will be part of the social bloc of progress, of the democratic framework of that future society, not its totality. The totality must be shaped through the institutional web of the state and civil society. The PCE will be one more party that will have to contain in its midst the most progressive part of society and in its internal democracy the substance of vanguard, the definitive plan, superior to socialism in freedom: The community of free and equal men--with the limits involved in a collective organization--communism. Otherwise, if there were internalized in the party the functional contents of that society, the party would be unable to promote or generate the qualitative leap.

Gramsci's criticism of the old-style parties proves enlightening at the time of theorizing and implementing the new party, the "modern prince," breaking in radical fashion with the typology of the client party that has existed so far and which corresponded either to organizations with an interclass (bourgeois parties) societal plan or to the historic Socialist Party, rudely injected with the application of the models of parliamentary democracy.

Today, internal democracy calls for bringing executive and rank-and-file closer, by guaranteeing constant fluidity of information from top to bottom and from bottom to top.

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## SARTORIUS, OPTIMISTIC, CONTINUES TO CRITICIZE PCE LEADERSHIP

Madrid EL PAIS in Spanish 18 Jun 82 p 19

[Interview with Nicolas Sartorius, former deputy secretary general of the Spanish Communist Party, by Fernando Jauregui of EL PAIS; Madrid; date not specified]

[Text] He was characterized as "the white hope" of the Spanish Communist Party. Nicolas Sartorius represents in some manner a new way of understanding communism. Perhaps against his will this signifies an alternative for the future. A few days after presenting his resignation as deputy secretary general of the PCE [Spanish Communist Party], [saying] he feels no personal difference with anyone and stating that he wanted to seek work as a journalist and lawyer, giving up "politics 100 percent" but without ceasing to be political, Nicolas Sartorius made the following statements "with a vision of the future" to the daily EL PAIS, statements in which he indicated that the Spanish Communist Party still has an electoral role to fill.

Question: Where is the PCE now headed?

Answer: The answer in the case of the PCE is no different from the answer to the question of where Spain is headed, where Spanish democracy is going, and therefore where Europe and the forces of the Left in the whole of Europe are going. The PCE has a future if it develops and deepens in all aspects the project that we have called Eurocommunism. There is no future for a dogmatic, sectarian, old communist party, which would then be a marginal and minor force.

Question: Can there be a factor that has not been mentioned, the one called the growing influence of pro-Soviet sentiment in the PCE? Up to what point will the PCE be able to penetrate Spanish society if some of its most outstanding activist workers are moving away from the Eurocommunist model?

Answer: Indeed, that is a problem that we face. One of the tasks that is being done in view of the future is the transformation of what we could call



the traditional culture of the communists. In this transformation we are experiencing a delay. For me the danger, even though it exists, is not so much the pro-Soviet line as the delays in overcoming the traditional communist culture which is the culture broth for the other. This traditional communist culture is not overcome merely with speeches but with the lessons of practice. The individual who in given party circles may be sympathetic to the Soviet Union is something that has always existed and which also exists in other Eurocommunist parties, as could be the case of the Italian Communist Party. But such sympathies need not necessarily be translated into confrontation with the old party when the practice is satisfactory. In that practice there is a certain amount of delay. To face the future, the restructuring of the party depends to the most fundamental degree not only on the political situation but also on our being able to bring about that policy of penetration and connection with society. I am optimistic despite the fact that the situation is not the most brilliant.

Question: What is the meaning of the term Eurocommunist at this time? Is the PCE not moving toward something different from the original concept of Eurocommunism?

Answer: I am not in agreement that the PCE, in its formulations and its strategy, is not Eurocommunist. To the extent that there are criticisms and doubts, it is about whether this is in line with its internal functioning, with the party's reality.

"The Majority of the Workers Commissions Are Strongly Eurocommunist"

Question: Regarding this matter, is it not a fact that a majority of the worker leaders of the party are rejecting Eurocommunism?

Answer: I do not think so. The immense majority of the leaders of the CCOO [Workers Commissions], the most influential of that collective, are deeply Eurocommunist. Their malaise is not a function of the fact that they would wish to move along another line. This sentiment will be found in those sectors of the CCOO cadres which are indeed rooted in a posture that we could call traditional, but they are a minority.

Question: And the men who are closest to Santiago Carrillo at this time, those who are sometimes characterized as the "old guard" even though they are not so old, are they not a kind of drag, partly on account of their past and partly because they do not understand the new formulations?

Answer: In theory, they do indeed wish to have Eurocommunism. But the problem with Eurocommunism is that it is in its infancy; it is something that is still being born. And the remodeling of an entire culture of many, many years is not achieved in such a short time. Eurocommunism is not only a strategy or a form of political action or a concept of how one should move toward socialism, all of which things it is, but it also implies a new reflection on the instrumentality itself, which has to do all this. And that is where most of the difficulties occur.

Question: Is Santiago Carrillo the man to face the new stage that you expect for the PCE?

Answer: The truth is that in all this process I have not challenged Santiago Carrillo as the party's secretary general. Whether he is the man or not is not a problem in my opinion given that, as I said, I have not called into question Santiago Carrillo as secretary general, and in the central committee I did not raise that issue. What I did do was to raise other questions: It seems to me that the PCE, for some time now, has lost its activists, votes, presence in society, political initiative, and so on--these are indeed facts that we face. And when a party loses all this it is necessary to plan more thoroughly. For me the problem is how we do things to secure activists and votes, regardless of names. From my viewpoint I believe that permanent internalization of the party, permanent self-admiration is not sound. I am for renovation, for modernization of the party, for its rejuvenation. That is the struggle that must continue.

Question: Nicolas Sartorius is naturally continuing his membership in the PCE, is he not?

Answer: I continue to be in the PCE, on its executive committee, and I shall continue to work on one theme above everything else, which is fundamental, and that is the matter of the general elections, which are just around the corner and will affect the stability of Spanish democracy. I believe that a strong slippage of the PCE would be profoundly negative for Spanish democracy, and the obligation of all of us is that the PCE should obtain the best possible results in the coming general elections. While in Spain there could be a polarization between socialism and a conservative alternative headed by Manuel Fraga or others in this way, three very negative results would occur. The first is that I don't believe that that socialist force would be homogeneous and stable. It would much more likely be a bloc with factions and instability. Furthermore, the conservative force would not be a party of the reformist bourgeoisie but rather a tough party, very similar to what the CEDA [Spanish Confederation of the Autonomous Right] could be rather than a party of the modern reformist Right. There would furthermore exist the risk that a communist party reduced to small dimensions would stop being Eurocommunist and fall into sectarian, dogmatic positions, and thus the political map of Spain would be enormously dangerous for the stability of democracy.

Question: Nevertheless, the majority of the PCE's leaders appear convinced--and some have proclaimed it--that the PCE's electoral chances are now much slimmer than in 1979.

Answer: Obviously, things are not easy and no one can conceal that fact. Everyone in the PCE today is convinced that things will be very difficult for us, and it is even probable that we may lose ground in the elections. But despite this, it is necessary to make a major effort so the result will not be the folding of the party but rather its development.

Question: Is that when Nicolas Sartorius becomes an alternative power center contemplating the 11th PCE Congress?

Answer: No. I have already said and I repeat it clearly that I am not the alternative to anything. The important thing is not an alternative to something, but ideas. Come what may at the next elections, this party must modernize; it must change in a whole series of aspects.

Question: Is the so-called "Euroleft" not an attempt to overcome the strictly communist or strictly Socialist images, an attempt to overcome this duality?

Answer: We have been saying for a long time now that the breakup of the workers movement between Socialists and communists is a process which we must leave behind, that the European Socialists must purge their social democratic aspects, and in this sense progress is evident in many Socialist parties (in the Swedish, the British, and the new French Socialist Party). There is evolution in European Socialism with ups and downs, but along a positive line all the same. And in the communist camp, too, there is evolution, at times traumatic, in the direction of overcoming the elements of traditional communism.

Question: Does Moscow not have some or great influence on the trauma of this process?

Answer: It is clear that it has influence, just as the United States has influence, each power striving, from its side, to keep the process from occurring. The evolution of the Socialist parties in the direction of policy more independent of the Atlantic trend does not please the United States either. Like the Soviet Union, the United States makes every effort so that the communist parties in Europe may be as traditional as possible.

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## PSUC'S FUTURE DEEMED VIABLE DESPITE RECENT TRAUMA

Madrid NUESTRA BANDERA in Spanish Apr 82 pp 18-23

[Article: "The PSUC Between Two Congresses"]

[Text] In the issue of TREBALL which appeared after the Sixth Special Congress held by our party recently I wrote an editorial entitled "An Opportunity and a Challenge" in which I noted: "Opportunity because the PSUC [Unified Socialist Party of Catalonia] overcame at the end and in the highest organ of the party the state of political uncertainty and ambivalence created by the earlier Congress. But at the same time challenge because the recuperation of the signs of identity--of the necessary whole--implied in the immediate future a very high cost in terms of militancy and in public presence among workers and Catalanian society.

The Congress certainly did nothing but ratify what was already approved by the Fourth National Conference held in July 1981 on the level of the major political definitions. But the same definitions, the full identification with the objective of socialism in freedom and the forceful assertion of the PSUC's independence on the international level now assumed by a Congress have a fundamental value: They make it possible to connect once again with what has historically been the PSUC and at the same time to offer Catalanian society some bright political proposals rooted in the long anti-Franco unifying and democratic tradition in which the PSUC played such an appropriate role and open to the reflections which a modern society and international context such as the existing ones in a permanent process of change mandate.

## Reconstruction of the Party--a Challenge

But nevertheless, together with this opportunity suggested by the Sixth Congress--on which subject I shall not elaborate because its political agreements are very familiar to the readers of NUESTRA BANDERA and are completely analogous to those of the 10th Congress of the Spanish Communist Party (PCE)--it would be foolish not to appreciate the fact that the Congress, or rather the entire process that we have witnessed these past 15 months, on behalf of the necessary recuperation of Eurocommunist strategy--all this has created a difficult situation in the PSUC, one of notable organizational weakness, and has implied a political cost, even a human cost, which has no simple remedy.

The schism that we have witnessed has removed from the party some of its militant element, a part which certainly includes marginal followers with scant social impact, self-confined to the "ghetto" of the old ideological certainties but among whom there are activists and cadres connected with the working class, especially the sectors hardest hit by the recession, workers of the industrial belt of Barcelona often connected with the contingents of immigrants who are less well integrated into Catalonian political and social life. In the last analysis these are social and activist sectors that are decisive for the configuration of what the PSUC has been historically and socially. (The most reliable estimates situate between 5,000 and 6,000 the number of those affiliated with the organization headed by Ardiaca and Ramos, most of them originating from the ranks of the PSUC.)

### Reality and Desires

The assertions backed up demagogically by the secessionists according to which "the workers and immigrants side with us" imply confusion between desires (for a manifest labor movement) and reality, which is much more complex. But the rejection of interested opinion according to which the PSUC has definitively lost its status as an eminently workers' party--and therefore deeply involved with immigrants--must not prevent us from noting calmly but with a will to intervene politically the shortcomings which our party evidences today in the industrial belt of Barcelona among firms and among the industrial working class. These are shortcomings which undoubtedly go back to the earlier period, to the Fifth PSUC Congress, at least as far as the organizational level is concerned.

We still lack today a detailed census of the activists and a study of their social makeup enabling us to make strict comparisons between today's PSUC with its approximately 7,500 renewed party cards and the party with which we went into the Fifth Congress whose counted party cards exceeded 17,000. For an initial determination the following are necessary: The loss of affiliation mentioned earlier (even though the figures of March this year cannot logically be placed on a par with those of the end of 1980 on the basis of which the computation for the Fifth Congress was drawn up). Correlatively, the figures identify what someone has called a "third party," that is, the party of those activists who have not renewed their PSUC cards but who have not either gone all the way in heeding the proposals of the secessionists. It is clear that they constitute a priority sector in the drive for recruits (one could say for "reaffiliation") which the Congress decided to undertake. And on what we do in the immediate future, how we interpret the "scenario" approved by the Congress depends to a large extent on whether these potential activists reject the siren songs of "ideological rearmament" and once again support a PSUC which is the same party in which many of them have militated for so many years.

However, even lacking such a count, some data make it possible to quantify that concern regarding the witnessed party's decline among what could be called the traditional working class (without this drop being automatically reflected in advances among the sectors and social strata)--for example, the evolution of some parameters between the Fourth Congress (November 1977),

the Fifth Congress (January 1981), and the Sixth Congress (March 1982) (see the table at the end of the article). It can be determined how, in fact, the percentage of industrial workers' delegates slid successively until it reached 22.7 percent, a low figure, certainly, even when one takes into account the transformations witnessed by Catalonian society and working class.

As one will be able to observe in analogy with this relative drop in the number of delegates of working class origin, there is also a smaller representation of delegates born outside Catalonia, especially of those originating from Andalucia (even though, curiously, the evolution of this percentage does not retain a direct relationship with the variation in the social makeup).

Of course, a party's class character is not measured, or measured exclusively, by its social makeup. And in this sense there should be emphasis over and over again on the assertion--if I may be allowed to say so, the "Leninist" assertion--that the essential thing in the area of the party's development is its policy (in the sense of "politics" and "organization")--a policy, that of the Sixth Congress, which must allow the recuperation of the ground lost while opening new areas of exploration, impact, and affiliation. This is so especially when the schism--whose importance, challenging mere affiliation data, could be overstated--cannot take place either with the historic heritage of the PSUC or by turning to the working class and Catalonian society with a perspective of the future, prisoner as it is of a dogmatism that is confirmed day in and day out as a factor of cohesion of an inspired activism but also as an element of isolation of the society.

What is involved is to become aware that this has not been a "conventional" schism, right at the party's apex and with some isolated ramification such as those which the PSUC, like the PCE, experienced at the time of the parties' period of clandestinity. The larval development of the splinter movement from the period prior to the Fifth Congress endowed the followers of Ardiaca and Ramos with organizational bases on which they laid their secessionist offensive. (In my opinion, and as I mentioned earlier in NUESTRA BANDERA, issue No 110 of January 1982, in an article entitled "The PSUC: A Year of Crisis, Its Significance, and Some of Its Causes," the schism was politically inevitable. Another reason is the debate concerning the causes that enabled it to obtain such an audience. However, this discussion should be put on the back burner for the time being, for the sake of the necessary unity of those individuals who continue to head the PSUC).

Accordingly, because of the importance and characteristics of the schism, it would not appear to be enough to have politically intercepted the phenomenon, and it would seem necessary to undertake a patient, organized, tenacious task of rebuilding the party, taking apart the amalgam which the schismatic leaders knew how and were able to weave, isolating dogmatism, recovering communist activities and visibility in the eyes of all those for whom the PSUC was for many years an unquestionable point of reference. Hence, together with a major opportunity, it is also appropriate to be aware of the challenge being presented to us. This is a challenge that was already being expressed in a way in the theme discussed at our Congress at the

suggestion of the outgoing secretary general, Paco Frutos, namely, "a communist party with a Eurocommunist policy." That is, the idea according to which one cannot conceive of the Eurocommunist project without the corollary of the party which goes along with it as an instrument of the conscious use of activism and as the agent of an eminently participative process of change.

### The Communist "Space"

The possibilities of recuperation of the political and mass initiative, of the party's rebuilding are based fundamentally on the existence of a "communist space" which the facts--among them the activity of the other political forces--only confirm. This "space" is within reach of the PSUC as a possibility and at the same time as a necessity if the latter is to overcome the "self-centeredness" into which the internal confrontation of the latest period had placed it.

Catalonian society is permeated with a profound need for change. Undoubtedly, this need is not always expressed positively, politically. It acquires distorted expressions and corporate forms that are not alien to what has happened in the PSUC and which have their principal manifestation in the persistence of an abstentionist image timidly challenged by some recent features of politicization among sectors of the youth. But the essential thing regarding the future is that the institutional consolidation of what we call "conservative Catalanism," that is, of the conservative and provincial policy practiced by Jordi Pujol and his government from the Generalitat [Catalonian Assembly], is widening from day to day the area of dissatisfaction and the idea that another form of government under autonomy is necessary and another turn in the PSUC's relations with the central government of the UCD [Democratic Center Union] is called for.

This situation only accentuates the "need" for the PSUC. Indeed, the policy of Convergencia represents, if it hangs around much longer, a genuine danger for the democratic stability of Catalonia and therefore for that of the whole of Spain. The damage which may be implied for the existing Catalanian social corpus, the persistence of a nationalism alien--when it is not opposed--to the interests of the Catalanian working class (among which is now a majority of workers born elsewhere, outside Catalonia, mostly in the south) are beginning to make themselves visible: A gradual splintering of the community and growing difficulties regarding the conscious integration of all those who live and work in Catalonia in the same national framework. In the last analysis, the accentuation of the equation "Generalitat equals preponderance of the Right" only generates greater abstentionism and fuels temptations of a contrary brand that could lead to confrontations and incalculable harm.

I do not believe that what is involved is an apocalyptic vision. It is certain that for the moment agreement holds sway and is maintained, that at least in its essentials there is cohesion. But a more or less delayed break is written into the script if there are no political changes to make access to government and to the Catalanian institutions available to those forces



which, from the Left, can speak in the name of what today is socially the majority of Catalonia.

And who from the Left can play this role today? Who can politically represent what the PSUC was during the decisive years of the anti-Franco struggle as a factor in the convergence of the interests of the working class and of those of Catalonia as a nation? It is true that the party is in a worse state to fill this role. But in its policy, in its historic and social setup, there are sufficient elements to enable one to believe that the PSUC will in any case produce the principal component of the challenge and the alternative to establishing the conservative Catalanian Right.

Because otherwise, who will assume what in every light is a need derived from the class struggle and its growth within the special framework of Catalonia? No one can logically sustain that the alleged "Party of the Communists of Catalonia" is in a state to head this movement of political regeneration needed by Catalonia as a function of the interests of the majority, of the development of a popular and united Catalanianism. In order to face this historic task, a greater or lesser presence among the working class is necessary but not sufficient. What is involved is to prompt the working class to make policy, to be active in institutional life, to fight for turf with the Right. And this demands a complex policy and establishment making it possible to retrieve the whole diversity of demands expressed by the working classes in our country and to synthesize them in a program confronting that of the Right, offered as a unified platform to the forces of progress.

The Socialists are an important electoral force (even though in steady decline as far as Catalonia is concerned--they slid from 28.4 percent in the elections of 15 January to 23 percent in those of the Catalanian parliament), but their historic and present inability to grasp, at both the national and Catalanian level, the democratic and progressive responsibility which may be demanded by self-government of the peoples makes them incapable from a political and electoral standpoint of playing a leadership role in the rebuilding of the Left and in the opposition to the policy of Jordi Pujol (amen to his pitch to exploit an image of "alternative," by himself, of power, doubly doomed to failure in the circumstances of Catalonia which most closely resemble those of continental France). What remains, then, in the realm of the Left? Radical nationalism politically monopolized by Basque leftist nationalists, it does not count on roots in the working class even though it does have other roots with a dynamic and not insignificant presence among the country's youth and intellectuals. And the extraparlimentary Left is today a shadow of what it used to be in a society where it has managed to acquire a certain degree of influence.

There exists, then, a "space" which the PSUC is occupying on a priority basis even though it now involves large empty holes: Where our organization has been especially affected by the schism or among the social forces disconcerted by such a long period of sterile confrontations. It behooves us to fill the spaces with initiative, simultaneously extending proposals for action and organizational activity, and in the first place retrieving a presence at the head of the workers' movement, of the union organization of the CC00



[Workers Commissions], the most valuable instrument for developing a united alternative to the social and cultural policy of Convergencia. But [we must work] also among what we may call "the forces of culture" where it is not appropriate to think that the formal resumption of Eurocommunist strategy will necessarily of itself rebuild the damaged relationships. It is essential that we once again play in this field the role that behooves us in defense of Catalanian national liberties.

### The "Third Way"

In this context and with this perspective of occupying the "space of change," it seems to me fundamental to affirm our identity. And I am not referring to "identity" understood in ideological terms and even less in terms of a return to earlier ideas. Quite the opposite: In my way of seeing things, what we need is to be able to reformulate the communist ideology in the political realm and in that of ideas, to establish the PSUC as an unequivocal point of reference for all sectors seeking a change in policy and society.

For this purpose the PSUC has abundant attributes and historical experience. What is involved is to indicate in our daily work that there is indeed a "third way" between the policy of "alternative" and of administration of things of the Socialists and the defensive, sterilizing image of those who opt to isolate themselves in social and ideological "ghettos." To a large extent what is involved is to retrieve signs of identity blurred by this long crisis and also by the objective costs of the transition and vacillations which we have witnessed during the same period. What is involved is to recover the radical nature that characterized us without opting for ideologically oriented temptations. By fully assuming the secular character of the party, knowing that an immense potential of change awaits us in Catalanian society with its 300,000 unemployed, its industrial problems, its generalized demands for peace and a national and cultural problem which makes thousands of citizens feel left out--citizens born in Catalonia and outside of it--by the conservative attitude and narrow nationalism of Convergencia and of the forces which support its homogeneous government.

In the article in NUESTRA BANDERA, issue No 110 of January 1982 mentioned earlier, I already warned that the problems experienced by the PSUC could not be interpreted exclusively in terms of an ideological confrontation between the Eurocommunist positions on one hand and dogmatic attitudes included to alignment with the Soviet bloc in foreign policy on the other. I believe that it is time to pick up this idea to ascertain the daily interpretation of the policy approved in the Sixth Congress. The great gimmick of the secessionists has been their integration of ideological dogmatism and a certain political and social radicalism. The attempt to detract from the political program of the PSUC has exploited a "triple" social, political, and cultural "demand" that occurs in many sectors of the working class made more aware as a consequence of the overlay of the economic recession, the difficulties of transition, and the escalation of international confrontation (all of this experienced in a setting to which I have already referred, in a Catalonia hegemonized by the local bourgeoisie). Without this confluence of

factors (to which it is appropriate to add our political and organizational errors), the "news" but nevertheless old self-designated "PCC" [Catalonian Communist Party] would not have obtained the dividends that it enjoyed initially.

It is appropriate, then, to adopt a form of political and organizational action that would make it possible to undo the amalgam which gave it birth, isolate the dogmatism which is of the most sterile type: Obsession through alignment, by substituting action dedicated to peace and detente with propaganda in favor of the Eastern bloc. And this will be achieved to the extent that we act with daring, through our policy, giving particular attention to the problems of the working class and the union of the CCOO, maintaining a firm attitude--such as the stance we took regarding LOAPA [Organic Harmonization Law of the Autonomous Process]--in defense of our national demands in Catalonia, being able to connect once more with that growing mass of youth and the not so young who express today, in scattered but unequivocal manner, a rejection of this society, not only of its political expressions but also of its very concept, its morality, its dominant ideas.

The tensions which the PSUC has again experienced in connection with its Sixth Congress (which the press has caricatured as a polemic of etiquette or as a power struggle between "Eurocommunists" and "Leninists") and which appear to be evolving as I complete this article, following the meeting of the PSUC's central committee on 17 and 18 April 1982--in my opinion these tensions have to do with the following: "How to develop the policy in the latest Congress," with the need to place the stress on one or other aspect of our policy.

I am one of those who believes that the situation of the PSUC is unquestionably difficult. But I do not think that it makes any sense to hide this up a sleeve. The idea which has done us so much harm according to which the departure of the so-called "pro-Soviets" from the party and the return to the Eurocommunist strategy was going to produce automatically a large-scale return to the party by all those who abandoned it recently, tired of internal dissention, that is of some few thousand sympathizers, serves no useful purpose. A party--a party like ours--is not created and is not rebuilt merely with a congress. There is a lack of persistent, determined effort, "suitable to the terrain," able to transform the ideas and proposals into organization and to convert the organization into a vehicle indispensable for the generalization of our policy.

But I share the feeling that it is possible to be once again what we were and more. This is on condition, naturally, that we advance along the path mentioned. Contrariwise, the void to which I have referred would grow even bigger at the expense of the possibilities which a united left in Catalonia has an in favor of the consolidation, over many years, of the Catalonian Right in power.

Evolution of Some Data Between the Fourth  
and Sixth PSUC Congresses

<u>Con-</u> <u>gresses</u>	<u>Sex</u>		<u>Place of Birth</u>			<u>Workers</u>	<u>Date of Joining the PSUC</u>					
	<u>Male</u>	<u>Fem.</u>	<u>Cata-</u> <u>lonia</u>	<u>Rest of</u> <u>Spain</u>	<u>Anda-</u> <u>lucia</u>	<u>Indus-</u> <u>trial</u>	<u>36-39</u>	<u>40-49</u>	<u>50-59</u>	<u>60-69</u>	<u>70-75</u>	<u>76-80</u>
Fourth	84.9	15.1	53.5	44.7	24.0	38.3	5.8	1.4	5.5	18.6	42.8	25.8
Fifth	90.2	9.8	50.9	47.2	25.2	32.1	6.2	0.5	5.3	16.5	29.9	38.4
Sixth	86.2	13.8	56.3	42.5	20.1	22.7	4.8	1.0	3.4	12.1	29.1	41.9

The information regarding the Fourth Congress originates from the tabulation of 884 responses to the questionnaire distributed to a total of 1,217 delegates of both sexes.

2662

CSO: 3110/159

## PAPER SETS PRIORITIES FOR POSSIBLE NEW NONSOCIALIST CABINET

Stockholm SVENSKA DAGBLADET in Swedish 13 Jun 82 p 2

[Editorial: "The Bourgeois Alternative"]

[Text] Six years of bourgeois government has meant a political change of course for the better. The expansion of public expenditures with the resulting tax increases has been stopped. Economy measures in the national budget have been introduced. Working conditions in the firms have improved. Savings have been stimulated. Socialistic advances have been stopped.

Many bourgeois voters, however, are dissatisfied that there have not been more thorough changes in previous social democratic policies. Without defending the bourgeois government's weakness in that regard, explanations can be found. An obvious one is the economic crisis which the first bourgeois three-party government found itself in. Acute crisis policies absorbed most of its power.

Another explanation, however, is the lack of deeper crisis consciousness in the politicians themselves. What we are experiencing is namely not only the consequences of the oil price increases and other international changes plus excessive costs for Swedish business. It is also a question of a crisis of policy. It will not work to conduct policies by the same principles as in the 50's and 60's. The belief that problems are best solved by politicians rushing up and throwing money at them must be abandoned. The view that political interference often creates more problems than it solves must be increased and intensified.

The need to review basic assumptions and conditions should form the basis for a bourgeois alternative after the fall election.

Such an alternative must include a new way to attack public expenditures and the public deficit. These problems will never be solved by only using new economy measures. There must be action against the structure of the public sector itself.

A basic cause of the problem of the public sector is that its monopolistic position leads to a lack of efficiency. Another is that the lack of price

mechanisms makes assigning priorities between different kinds of resource utilization impossible. Therefore the monopoly situation should be eliminated and financing through fees introduced.

Of course there are large areas of public activity in which the removal of the monopoly situation and the introduction of fees would not work. But in certain areas it would work, and it is urgent to begin. Otherwise the budget deficit will soon grow over our heads.

The tax reorganization decided upon must be reasonably reviewed against the background of experience. But it is also necessary to stimulate the desire to work and purchasing power by going ahead and reducing income taxes which are over 50 percent.

If the public sector and the taxes are the only large problem areas, business conditions are another. The government's and the Riksdag's primary task should be to create such an economic and political environment that initiative, efficiency and production are promoted. The tax base would then grow.

One side of that is that profitability obviously must be improved. That means, among other things, that taxes on business must be lightened, and not increased. Another important aspect is that the restructuring of business must be advanced by stimulating mobility of capital and manpower.

If we do not resolutely try to create a more favorable business climate we will not get economic growth, and therefore not get the foundation to protect welfare and the public services.

Even if economic problems today appear to be the most difficult, the bourgeois alternative must have a clear profile in other areas also. That applies as much as anything to family policies and school policies.

If there is a bourgeois Riksdag majority after 19 September there should be a majority government, meaning a bourgeois three-party government, to carry out the necessary more resolute restructuring of policies.

The election is between two main alternatives. The socialistic means that politicians and unions will plan, regulate, control and decide over all major areas and in ever greater detail. The bourgeois alternative must mean freedom of the creativity of individuals, industriousness and the right of self-determination within the framework of solidarity and social responsibility.

It must be made clear to the voters that this is precisely the issue in this election.

9287  
CSO: 3109/190

## OBSERVER POINTS UP DANGER OF INDECISIVE ELECTION

Stockholm SVENSKA DAGBLADET in Swedish 13 Jun 82 p 2

[Commentary by Axel Waldemarson: "The Art of Forming a Government"]

[Text] John and Mary each have 20 pence. John gives Mary  
1 pence. How much more does Mary have than John?

-2nd grade exam question, British school

In his work "The British Cabinet" John P. Mackintosh holds as a leading principle that as soon as a parliamentary election is held, the government which results from the election should have "every opportunity to carry out its policy." This naturally assumes that the election system, which is often true in Great Britain, gives one party an absolute majority.

Political developments in Great Britain appear more often to make the objective more difficult. In the Nordic countries we have a background of a period of stark party splits; coalitions and minority governments have been dominant. It would also break the mold if out of the election in Sweden on 19 September would come a social democratic government with its own majority.

#### New Election the Way Out?

A split election result can complicate the formation of the government. The appearance of an Environmental Party creates a factor of uncertainty. If that party enters the Riksdag and holds the balance of power, neither the bourgeois parties nor the Social Democrats can conduct a firm policy. New elections could finally be a release.

An election campaign is a process the outcome of which is the government which results from, or in any case should be the representatives of, the will of the people. Since that will is hardly ever unanimous, the spokesman tends to act in such a way that the product, the ministry, adheres as closely as possible to the people's decision.

In the Nordic countries this has not always been successful.

The formation of a government is, however, not only a question of mathematics. Even though one single vote gives a majority, it is not the same as a working

majority. Such a majority demands a wider margin. And a mathematical foundation is not the same as a political foundation for a cabinet.

During the government crisis after the fall of the Red-Green coalition in 1957 King Gustav VI Adolf acted in a strictly parliamentary fashion. The entire time the king operated from the widest possible base (coalition government) and below. The spokesmen probably did not have the foundation or ambition to test the coalition government as a real alternative.

With a little greater imagination the outcome of 1957 could possibly have been otherwise. After the coalition government there was a probing for a government based on the bourgeois majority in the second chamber, the chamber elected by the people with the closest image of the people's decision in the election.

The probing was a little surprising and almost a shock for the social democratic leadership. At that time one could not imagine that the biggest loser (Hedlund and the Center Party) would share a main role.

Later the probing failed and Erlander got his minority government.

#### Before and After

In complicated cases, therefore, the formation of a government can take unexpected turns, with both speculative and tactical political inputs. It is therefore not especially remarkable that the formation of a government is so lightly considered before the election, despite its becoming a reality after the last vote has been counted.

It is, however, mainly a tactical debate. What is less often discussed are purely parliamentary judgments and the demand for formation of a government consistent with the election result. The will of the voters can easily be disregarded.

From our near perspective several illuminating examples can be seen. During the late Kekkonen years as head of state governments were formed from above, from the president's residence on Ekudden more than from the will of the people. A bourgeois Riksdag majority in the ministries was transformed into a People's Front government.

Often the government has gone to the losers. In order to maintain the system it has been necessary to give communists dispensation on important votes in the Riksdag to vote against the government in which they themselves are represented.

Despite a painful election defeat last year the Jorgensen government (Social Democrat) in Denmark remained. The Social Democrats thought that they could better crush the winners of the election, The Socialist People's Party, from

outside such a platform. Later Jorgensen had to humiliate himself and give in to the people's socialists to get a majority for his crisis program and thereby remain.

#### Cooperation Necessary

It is reasonable that the parties should give notice on the government question before election day. Likewise this notice can not cover all conceivable situations after election day. It is simply that a bourgeois majority should give a bourgeois government and a socialistic majority a socialistic.

It is incredible that the bourgeois parties have adhered to bloc building as an expression for the various parties' cooperation in order to create a government. Without such cooperation the Social Democrats would immediately stand out as the only government alternative. On the other hand it is understandable that the Social Democrats find it strategic with the help of the bloc concept to create the impression of a firm, almost conspiratorial organization with the aim of depriving the Movement of having the government.

#### Difficult Situation

Without its own majority the Social Democrats will find themselves in a difficult situation, even if they win the election. Dependence on the support of the Left Party Communists and its price could erode their public confidence. To push through fund socialism with the help of communists is surely a political nightmare.

Against the alternative of a purely socialist government or a Palme-Werner government, only the Conservative-Center-Liberal combination can stand up. Only these alternatives can, since the breakdown of party lines seems unlikely, make a reality of Mackintosh's "guiding principle": the possibility of realizing his policy. On the other hand there is the threat of a Danish situation, a dissatisfaction party holding the balance of power in the Riksdag--confusing, crippling and frustrating.

9287

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## CENTER, LIBERAL PARTIES AGREE ON COMMON CAMPAIGN PLANKS

Stockholm SVENSKA DAGBLADET in Swedish 12 Jun 82 p 6

[Article by Elisabeth Crona: "Center, Liberal Parties Agree on Common Campaign"]

[Text] For the first time the middle parties--Liberal Party and Center Party--have agreed on a common election campaign. "Middle cooperation has never been more intensive than during recent years," explained Thorbjorn Falldin and Ola Ullsten on Friday.

They have now brought their Riksdags groups together on an election plan which means that both parties promise "to carry out the 1982 election campaigns together in all important respects."

This is not only going to mean a common drawing up of the parties' main issues for the election. It is also going to lead to common arrangements, initiatives, etc.

The party headquarters have already worked together on figures concerning what the bourgeois governments have accomplished.

"A third power is needed in Swedish politics," said Ola Ullsten at Friday's press conference. Even the Center Party, before the votes of next week, is speaking eagerly of the need for a third power.

"Ask the Conservatives"

But neither middle party wants to talk about bourgeois three-party cooperation after the election:

"Ask the Conservatives. They are very tough on the tax question," said Falldin. For his part he could not imagine which changes in the tax reform the middle could agree on.

The middle parties have produced these election promises in the debate on the new election platform:

- The youth guarantees should be extended up to 21 years, and include work, experience or training.
- Center and Liberal Parties also promise to continue tax reforms and plan further for 1985
- It will be simpler to declare.
- Bureaucracy in Stockholm will be reduced.
- The middle parties will not forget the environmental questions. These have their own titles, and several of these are: The fight against acid pollution will continue, including stronger regulations against sulfur emissions. The virgin Norrland rivers will be protected against exploitation.

Obtained by Demand

Thorbjorn Falldin observed that one of the few exceptions to the rule that the government, despite its minority position, obtained by its demands in the Riksdag, is the acid pollution bill.

The parties which delayed the possibilities of cleaning up the environment must take the responsibility, he said.

Ola Ullsten agreed with Gunnar Hedlund and Bertil Ohlin about 20 years of middle cooperation. The declaration will now be regarded as a result of this many years of cooperation, he said.

The Center and Liberal Parties in their declaration spoke strongly to the Right and the Left:

"We regret that the other parties prefer extreme standpoints such as the Social Democrats on the employee funds and the Conservatives on the tax question," they wrote.

Against the Funds

About the funds, the middle said, "Together we will do our utmost to spread information about and form opinion against the socialistic employee funds."

Ola Ullsten complained that the funds debate has so far largely been conducted by other than political parties.

The middle parties declared themselves open for cooperation with other parties around a crisis policy with a broad base. But government models will not be discussed, according to Falldin, "on this side of the election."

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## CAMPAIGN PACT BY CENTER, LIBERALS STILL LEAVES DIFFERENCES

Stockholm SVENSKA DAGBLADET in Swedish 12 Jun 82 p 2

[Editorial: "Demonstration by the Middle"]

[Text] When the Center Party and the Liberal Party Riksdag groups under the leadership of Thorbjorn Falldin and Ola Ullsten on Friday arranged a common group cooperation similar to that which took place at the beginning of the Riksdag year, there were expectations that the meeting would result in something "extra."

Even with the best intentions in the world, it can not be said that that was the case. The common statement that the groups approve is indifferent and in no way compulsory. News of importance is conspicuous by its total absence.

Perhaps the content of the statement is not important in itself. Probably the intention was with the common meeting to demonstrate cooperation between the two parties.

With such a limited goal it can be said that the middle has succeeded with its demonstration: Nobody doubts that the Center and Liberal Parties agree on the questions that they agree on. As to other questions, for example the attitude toward nuclear power or the form of child care allowances, the differences between the two government parties depart from the agenda.

The statement from the middle consists of approximately equal parts of history of the Riksdag's past years, and general talk of middle government success in different areas. The middle parties have tried to strengthen that with statistics taken from the Riksdag's information service.

Much more important in that connection are the policies which have gone in the right direction. And with one very important exception, the tax policies, the main direction of the government's economic policy has been correct--and in practice approximately the same as during the other three-party government.

It is quite another matter that in many large and small areas they should have gone forward more definitely and faster.

The sharp criticism of the Social Democrats' recommendation for employee funds is the most positive aspect of the statement that otherwise to such a large extent lacks political substance--while the desired end is more than that. The most important thing is that the debate now is all the more concerned with the funds question, namely the social system; shall we continue to build the society we now have or shall we, through fund socialism, reject the balance between different social interests?

Against that background it is unfortunate that the middle statement contains an overtrump. It is inconceivable that the leaders of the Center and Liberal Parties did not reject a statement like this:

"We deplore that other parties prefer extreme viewpoints such as that of the Social Democrats on the employee funds and the Conservatives on the tax question."

To place these two issues in the same category is insolent. Is it not revealing that the middle parties call it "extreme" to fight for lower and more just taxes?

9287

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## BACKGROUND OF ARMS PROCUREMENT PROTOCOL DISCUSSED

Paris DEFENCE AND ARMAMENT in English No 8 May 82 p 66

[Interview with Deputy Minister of Defence George E. Petsos]

[Text]

**D&A :** Your government recently signed an agreement with France for both increased military cooperation and weapons procurement. What can you say about this agreement?

**GP :** *The signature of this protocol was a considerable step in the cooperation between Greece and friendly countries, because we have established the basis of a cooperation to develop our war industries, always exclusively based on coproduction, which is necessary in order to establish a self-sufficient war industry. The basic principle is the lack of middlemen in any exchange — buying, selling and coproduction of equipment — between Greece and France. I would like to stress, as has the French minister of Defence, Mr. Hernu, that this protocol of agreement has no political objective. But it is the wish of both our Socialist governments to cooperate in the basic sectors of defence industries.*

**D&A :** There have been reports of Greece being interested by the Mirage 2000 and by the Roland missile in the very near future. What is your comment on this?

**GP :** *The Hellenic Air Force is considering the purchase of new-generation combat aircraft to cover its requirements. It is evaluating the Mirage 2000, the Tornado, the F-16 and the F-18, and as soon as the operational results are ready, the government, on the basis of financial and political criteria, will choose one of these aircraft. Coproduction of the new combat aircraft will have considerable benefits for the Greek economy; thus, final choice will be influenced by whatever coproduction or offset arrangements are offered.*

**D&A :** How many aircraft does your Air Force plan to buy; when will the decision be made; and have Panavia, General Dynamics and Northrop also offered coproduction if their aircraft is chosen?

**GP :** *The number of aircraft will be decided on the basis of operational requirements now being studied by the Air Force. As for when, the decision will be taken within this year. Concerning your third question, all companies are proposing offsets and coproduction, because the Greek government has decided that, whatever we choose, it's going to be in coproduction; no company can forget this. This means that the final choice depends, finally, on the percentage of the total contract (coproduction, offsets, support) that is offered to our country.*

**D&A :** What future does your government see for the Greek defence industry? How far does it want to push its self-sufficiency in this field?

**GP :** *The effort of all nations that respect their independence and integrity is towards developing a self-sufficient war industry, because it is a well-known fact that this influences their political situation. However, no country can say that its war industry is totally self-sufficient, because there is no point at which the war industry stops, and there is always room for improvement. This can be done by the introduction of more modern, more up-to-date technology. Greece's war industry is now in stage 2 of its development, having moved up from maintenance and support to production. We believe that future steps will be very quick ones, to make up for the time we lost.*

**D&A :** Going back to a previous question, you answered about the Mirage 2000, but not the Roland. Can you give me some details on this programme?

**GP :** For the Roland, the Army is evaluating its operational capabilities. We will decide according to the same criteria outlined for the fighter. Our desire to cooperate with France is a fact, but it is now for France not to show its good will — which we already take for granted — but to make better financial offers, so as to make cooperation possible in many sectors.

**D&A :** Does this mean that the Roland is the first contract that will be signed with France, and that your government considers it as a test for future cooperation?

**GP :** Any contract that is signed between Greece and France cannot be considered separately; there are other contracts to which I cannot refer to right now. The recently-signed agreement, and the friendship between the two nations, does not provide presuppositions for contracts under test, but only for contracts which we are sure are going to be good ones.

**D&A :** There have been reports according to which the Greek Army was not happy with the support for its AMX-30 tanks provided by France. Is this true?

**GP :** Yes. Our complaints were expressed to the French minister of Defence, and not only for the AMX-30, as we had many problems for the delivery of spare parts for other equipment as well. We have been given the French government's assurance that it will try to minimize these problems in future, and we believe this because it is the very base of satisfactory cooperation between the two countries.

**D&A :** What was the value of Greece's military exports in 1981?

**GP :** The figure is secret. There are two kinds of exports: one is the provision of services for aircraft repair, and the other is the export of

small arms, as well as equipment manufactured in the Salonika works, such as military vehicles and ammunition.

**D&A :** What will your future policy be on military exports?

**GP :** Taking into consideration the guidelines established by our ministry of Foreign Affairs, we will choose those friendly governments to which we can sell military equipment. These exports depend on the requirements of friendly nations, but the basic principle is that, as beneficiary as it may be for our economy, never to nations that have dictatorships.

**D&A :** But you accept the inevitability of exporting military equipment to finance the building up of your defence industry?

**GP :** Yes, we will export military equipment when we will have acquired the capability to do so. But never to dictatorships, whatever the cost to us.

**D&A :** Is your government now negotiating agreements like the one signed with France with other countries?

**GP :** Greece has opened negotiations with other countries for equipment that it urgently requires, but up to now we have not had reason to sign, with another country, an agreement similar to that signed with France.

**D&A :** So it is only France that will help Greece to develop its defence industry?

**GP :** This is what we believe.

**D&A :** What operational structure do you plan for the Greek Navy: a large number of small missile boats, or a smaller number of frigate-sized vessels?

**GP :** It depends on the results of the defence plan now being prepared by the Nav's General Staff, but one must also consider that we have to face Turkey. Before planning is finished, we cannot make any announcements. ■

CSO: 4600/618

## SOVIET ESPIONAGE, TRADE ACTIVITY IN AMSTERDAM, ANTWERP

Amsterdam ELSEVIERS MAGAZINE in Dutch 19 Jun 82 pp 13-15

[Article by Frank Lafort: "No Soviet Consulate in Rotterdam for Fear of KGB Officers."]

[Text] Moscow wants a consulate in Rotterdam. For more and more Russian ships are coming in, and more and more Russian seamen are running around. Moscow would also like to have joint ventures with Netherlands firms in the shipping field. But the Netherlands authorities do not care for the idea; it would only promote the coming of KGB people, according to a confidential report. For that reason the Russians are diverging more and more toward Antwerp. For what cannot be done in the Netherlands can be done in Belgium.

On 14 May a delegation from the Russian Ministry of Maritime Fleet called upon Mr De Croo, the Belgian minister of communications, posts, telephones, and telegraph. The Russians came to talk about an investment of 90 million guilders in the Delwaide dock in Antwerp harbor. For 4 years Antwerp has been functioning as transit port for grain that Moscow buys on a large scale in America, Canada, and Argentina. Before that the focal point of Russian grain imports was in Rotterdam.

The Russians moved out to Antwerp because the Ministry of Foreign Affairs refused permission for the establishment of a Russian consulate in Rotterdam, which Moscow is still pressing for in 1982. For with the steady expansion of the Russian maritime fleet the number of Soviet ships and seamen that come to Netherlands ports also increases. Two decades ago 400 Soviet ships visited the Netherlands; now it is more than 1,800 a year. About 1,400 of them visit the New Waterway area. Every day some 500 Russian seamen stay in Rotterdam; reason enough, according to Moscow, to establish a consulate there.

But the Ministry of Foreign Affairs cares little for the idea, because the consular work in the city on the Maas is minimal; it can easily be handled by the consular division of the Soviet Embassy in The Hague. Moreover, the representative of Sovfrakht [Soviet Freight] in the Netherlands can always jump in. Sovfrakht is a component of Morflot, the Russian Ministry of Maritime Fleet, and concerns itself with ship-broker activities abroad for Soviet tankers and tramp ships (ships not in line service). The permanent representative of Sovfrakht in the Netherlands is Capt V.N. Mikhailov.

At the beginning of this year the discussion of establishment of a Russian consulate in Rotterdam flared up again. The occasion: the Rotterdam Grain Elevator company signed a contract with the Russians for the transshipment of 1.5 million tons of grain. And why does the Netherlands not want the consulate? Formally not because "we" are afraid of "the aggressive penetration of East European merchant fleets into Western, including Netherlands, shipping." In other words, afraid of competition, afraid of price-cutting. But the reason mentioned in a confidential report of the Ministry of Transport and Waterways seems more important:

"If the Netherlands government gave Moscow permission to open a consulate in Rotterdam, it would be manned to a large extent if not completely by intelligence officers of KGB [Committee for State Security] and GRU [Central Intelligence Directorate] (the military intelligence service). KGB and GRU have used positions in Soviet Russian consulates from of old as a cover for their intelligence officers. Thus the consulate located in The Hague has always counted one or more representatives of both KGB and GRU among its personnel. But the impression exists that with regard to their conspiratorial activities the intelligence officers working in a consulate concentrate on talent-spotting, illegal support, and intelligence work among members of the Soviet Russian colony, with whom they have a great deal of contact by virtue of their position. The KGB consuls would also be entrusted with counter-intelligence work and keeping watch on other members of the Soviet Russian consulate or embassy."

The Russians do get these consular facilities in Antwerp. Brussels has no difficulty with Russian directors for Belgian-Russian joint ventures, either. The Netherlands authorities want none of that, either. "Partly for that reason, Rotterdam will miss the boat," says J.Th. van Zonneveld, director of the Rotterdam establishment of Trans World Marine Agency Company NV, a Belgian-Russian joint venture which concerns itself in Amsterdam, too, with the dispatching of Russian ships. Van Zonneveld says: "The Russians refuse to invest on a large scale in joint projects as the Netherlands refuses to allow Russian directors. I know that the Russians would be very glad to cooperate with Netherlands firms. That is costing them a lot of money. For that reason the Russians want to have their own people in joint ventures. Rotterdam has Cuban, East German, and Polish directors, does it not? Then why can TWM [Trans World Marine, etc.] not have a Russian director in Rotterdam?"

TWM was established in Antwerp about the middle of 1969. The Russians own 75 percent of the stock and with the consent of the Belgian authorities they have seven of their own employees at the main office in Antwerp. The Rotterdam branch of TWM is a flourishing concern employing 84 persons; in 1981 1,415 ships were handled. That makes the enterprise the second largest shipbroker in Rotterdam.

While the joint ventures with the Soviet Union flourish in the port of Antwerp, the history of Netherlands-Russian cooperation is one of failures. In 1969 NV Pakhoed was approached by a representative of Sovinflat, a since liquidated component of Morflot, with a proposal to establish a shipping enterprise jointly. The Netherlands firm, which already had the Morflot shipping agency for Rotterdam, refused. The Russians wanted a 75 percent participation in the share capital of the new enterprise to be formed.



The Ministry of Foreign Affairs and the Ministry of Transport and Waterways point out that since 1953 a Soviet Russian shipping representative has been stationed in the Netherlands. Such a representative is "without exception an intelligence officer of the KGB." Here are a few quotations from the confidential report "Shipping and Trade Activities":

"P.I. Leonov, an employee of MORFLOT [the Soviet Ministry of Maritime Fleet] and the first shipping representative in the Netherlands, was a KGB colonel. His successor, A.V. Ponomarev, gave the impression by his activities and contacts with other intelligence officers during his stay in the Netherlands that he belonged to the KGB. All Sovinplot [Soviet International Fleet] representatives who have come to the Netherlands since have let themselves be recognized as KGB officers by their activities."

"KGB agents who come to the West under the cover of shipping representatives have a broad intelligence mission. In Netherlands ports they keep watch on the observance of rules, they must prevent Russian seamen from deserting in Western ports. At the same time they are entrusted with keeping watch on visitors on Soviet ships, identifying and in some cases recruiting BVD [expansion unknown] agents in Netherlands ports, observing and photographing harbor works, recruiting and directing the agents who work in shipping, and collecting information that may be of use in operations ashore."

The same performance was repeated in the course of 1970-1971 with 10 other Netherlands shipping firms. The Russian condition was always that the Netherlands firms in the joint ventures would give up one or more seats on the board of directors to Russian functionaries. The talks failed because, according to the Netherlands authorities, the following conditions were not met:

- 1) A substantial Netherlands economic interest must be served by the existence of the joint venture;
- 2) The functions for which the East Bloc functionaries are needed must be such as cannot be performed by Netherlands personnel; and
- 3) There must be the prospect of a normal reciprocity in the matter of a possible Netherlands establishment of the concern in the East Bloc.

Lastly, the confidential report of the Ministry of Transport and Waterways points out that Russian seats in joint ventures are misused by KGB and GRU.

"This can be stated on the basis of the experience of counter-espionage agencies of various Western countries." Partly for that reason the Netherlands government will not encourage business in the future, either, to engage in joint ventures with Soviet Russian state trade organizations.

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